NATIONAL BANKS OF THE UNITED STATES

National Banks of the United States

The National City Bank of New York

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National Banks of the United States

Their Organization Management and Supervision

1812-1910

The National City Bank
of New York
MCMX

The National City Bank of New York

Original Charter Dated 1812

Capital Fully Paid	Surplus
$25,000,000.	$25,000,000.

Depository of the United States,
of the State and of the City of New York

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Preface

THE National City Bank of New York in 1904 published a book entitled "National Bank Organization."

Its object in issuing this publication was to bring together, in a form readily accessible, information of value to the organizers of new banks with regard to legal requirements, government regulations and treasury usages, and to answer, so far as possible, the many technical questions arising in the organization of new national banks or in the change of private or state banks into national institutions.

The appearance of the work practically coincided with the end of the fourth calendar year since the passage of the Act of March 14th, 1900, which gave so great a stimulus to the national banking system. That Act provided for the refunding of the national debt, the issuance of 2 per cent Consols, the organization of banks with a minimum capital of $25,000 as against a

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previous minimum capital of $50,000, and contained features tending to make the issuance of circulating notes more profitable.

The favor with which "National Bank Organization" was received by those interested in the questions covered by it led to a widespread distribution of the volume and resulted in a demand for it that even a subsequent edition could not fully satisfy.

In order to meet that unsatisfied demand for copies of the book, and to bring up to date matters concerning national banks which have been affected by recent legislation and changes in the regulations of the Office of the Comptroller of the Currency, The National City Bank of New York issues this a revised edition of the work. As this new edition will cover a considerably broader field than the original publication, it has been deemed best to issue what may practically be regarded as a new work, and to designate this new edition by a different title. Those interested in matters affecting national banks will, it is hoped, find complete information in this new volume, entitled, "National Banks of the United States—Their Organization, Management and Supervision."

The National City Bank of New York is ambitious to be of the broadest possible service to the national banks of the country. It welcomes requests from the organizers and managers of national banks for information as to general or specific points. Inquiries will be answered with the utmost promptness.

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Detailed Steps in Organization

THE first official step in the organization of a national bank should be an application to the Comptroller of the Currency at Washington, D. C., in accordance with Form I.* This application must be signed by at least five persons who intend to become stockholders. The application may bear the signatures of more than five persons, if desired, but that number is sufficient. The signers must be natural persons—that is, individuals legally entitled to hold and control property in their individual right. No corporation, firm, or association of any character may be a party to the organization of a national bank.

This application to the Comptroller should set forth the financial standing and occupation of the applicants. It should bear the endorsement of three prominent public officials, a United States Senator, Representative, Judge of Court, Mayor or Postmaster. The blank for this purpose calls for endorsement by the three last named,

*See page 167 and following for Official Documents and Forms.

but other endorsements will be considered, as, for instance, endorsement by Members of Congress. The exact title under which it is desired to organize, the proposed location, and the amount of the proposed capital must be given. The title desired should include the name of the city in which the bank is to be located, but not the name of the State.

The Comptroller of the Currency very properly insists that all papers in connection with the organization of a national bank shall be in the exact form provided for by office regulations. The organizers of a national bank will, therefore, avoid delay in securing the approval of their case by the Comptroller if they will take great care to make all papers accurately conform to the office requirements.

It should be noted in this connection that the Comptroller will not give consideration to an application for a title including the word "First" if a national bank exists or has existed in the place given as the proposed location of the new bank. Neither will consideration be given to an application for any title identical with that of a national bank which has previously been in existence in the same place, nor to one ma-

terially similar to that of a national, state or other bank existing in the place.

The capital necessary for the organization of a national bank is as follows:

In towns with population of				Minimum capital.
Not more than			3,000	$25,000
"	"	"	6,000	50,000
"	"	"	50,000	100,000
Over			50,000	200,000

In order to prevent the organization of a national bank by incompetent or irresponsible persons or at a place where success appears doubtful, owing to lack of business or the existence of ample banking facilities, when an application is received which it is thought is not entitled to favorable consideration, the Comptroller institutes a special investigation through one of his examiners. In some instances, where information necessary to a just determination of the case cannot be secured except by sending an examiner to the locality, the expense incident thereto is required to be paid by the applicants.

If the application submitted is approved by the Comptroller, he will so notify the applicants, and the title applied for will be reserved for a

period of sixty days, during which time it is expected that the organization will be completed. Upon approving the application for organizing a national bank, the Comptroller will send to the applicants all necessary instructions and blanks incident to organization.

After the approval of their application by the Comptroller, those interested in organizing the bank should execute Articles of Association. Typical Articles of Association have been drafted by competent legal authority and are given in Form II. This form may be varied to cover any special provision, not inconsistent with the National Bank Act, which the organizers may wish to adopt. If, however, the form suggested is adopted, it will be found satisfactory to the office of the Comptroller of the Currency, and will meet the requirements of the bank.

The Articles of Association must be signed by not less than five persons, preferably those who presented the original application. If a substantial majority of the applicants do not appear as organizers or shareholders, waivers of their rights in the premises will be required. The Articles of Association must be executed in

duplicate, one copy to be filed with the Comptroller of the Currency, and one to be kept by the bank.

At the time of, or after, the execution of the Articles of Association, the organizers must execute an Organization Certificate, in accordance with Form III.

The Organization Certificate must be executed by the same persons who signed the Articles of Association. This certificate must be executed in duplicate, one copy to be filed with the Comptroller of the Currency, and one to be kept by the bank. The Organization Certificate must be acknowledged by the signers thereof before a Judge of a Court of Record or before a Notary Public possessing a seal.

When the organization of the bank is effected and certificates for the capital stock are issued, care should be taken to issue the certificates for the amount and in the names listed in the Organization Certificate, or in cases of assignments, in the names of the assignees of those listed.

A typical stock certificate will be found in Form IV.

If Section 3 of the Articles of Association

does not name the stockholders who are to serve as directors of the bank, provision should be made for the election of such directors after the Organization Certificate has been executed. This election of directors should take place at a meeting held as soon as practicable after the execution of the Articles and the Organization Certificate.

After the directors of the bank have been named by the stockholders (either by election or by appointment), they should take an oath of office. If the directors are all residents of the place in which the bank is to be located, or if they can be assembled, they may take jointly the oath given in Form V. If it is not convenient for the directors to take oath simultaneously, each director may execute for himself an oath of director as given in Form VI. These oaths of directors must be acknowledged before a Notary Public or other official authorized to administer oaths, and must bear the official's seal. If the official have no seal, a certificate of the proper State, county, or court official, to the effect that he is authorized to take acknowledgments, should be attached to the oath of directors.

Information regarding Qualifications of Directors, Voting by Proxy, and Cumulative Voting is given on pages 13 and 14.

The directors should procure a bank seal. The seal may be made as plain or as ornate as desired. The only requirement is that the seal must bear the full corporate title of the bank, including the name of the city. This title is in most instances engraved just inside the circumference of a circular or oval die, in the center of which, if desired, there may be placed a design typifying the business of the association.

As soon as practicable after the directors have been named and have taken the oath as directors, they should adopt by-laws and then proceed to the election of a President, Vice-President, Cashier, and such other officers as may be determined upon. The by-laws should define the duties of officers, etc., and make such provision for the conduct of their work as may be necessary. Typical by-laws are suggested in Form VII. There may be modifications from that form to meet the views of the organizers, but if that form is followed, it will meet with the approval of the Comptroller without question. A copy of the by-

laws is now required to be sent to the Comptroller, as soon as adopted.

The officers should send to the Comptroller of the Currency their signatures under seal of the bank, as indicated in Form VIII.

After the election of officers, the directors should call in the subscriptions to the capital stock. One-half of the total amount of the proposed capital of the bank must be paid in (each shareholder, or his assignee, being required to pay in not less than one-half of the amount of each share subscribed) before the Comptroller will issue a certificate authorizing the bank to commence business. The capital must be paid in cash or by check. Promissory notes or other like evidences of debt may not be received for that purpose.

As soon as the required amount is paid in, a Certificate of Payment, signed and sworn to by the President or Cashier and a majority of the directors, should be executed in duplicate, one copy to be sent to the Comptroller of the Currency and one to be retained by the bank. This certificate should be substantially as given in Form IX.

The law provides that the payment of the

remaining 50 per cent of the capital stock may be made in not more than five instalments of 10 per cent each, one at the end of each 30 days succeeding the issuance of the Comptroller's certificate of authority to commence business. If the organizers of the bank desire to provide for the payment of the remainder of the capital stock in instalments of more than 10 per cent each, they may do so. All of the capital stock may, if desired, be paid in advance of the limit of time required by law. As each instalment is paid, the payment must be certified to the Comptroller by the President or Cashier under seal of the bank. This certificate is given in Form X.

A suggestion for a temporary certificate that may be issued to stockholders upon the payment of the first instalment will be found in Form XI.

On page 15 is given a method of enforcing payment of capital.

The next step in the bank's organization is the deposit of bonds with the Treasurer of the United States through the office of the Comptroller of the Currency. Every bank organized under national laws is required to deposit

and keep with the Treasurer interest-bearing government securities. These are called Charter Bonds, and their deposit with the Treasurer of the United States is one of the things necessary to be done before a Certificate of Authority to commence business will be issued. The Charter Bonds or others substituted for those originally deposited must remain on deposit with the Treasurer during the entire period of the bank's existence.

The minimum amount of bonds necessary to be deposited with the Treasurer is as follows:

Capital.	Amount of Bonds.
$150,000 or less.	One-fourth of Capital.
More than $150,000.	Minimum deposit of $50,000.

The charter bonds deposited with the Treasurer may be used as a basis for a like amount of circulation. The taking out of circulation is, however, not required.

Complete information regarding the method of taking out circulation, the ordering of plates, etc., will be found in the chapter on Circulation on page 25.

Upon the submission of all papers incident to organization and the deposit of charter bonds, the Comptroller of the Currency will order a

special examination, and upon receipt of the report showing that the Association has complied with all the requirements of the law, and that the organization has been made in good faith for the legitimate objects contemplated by the National Bank Act, he will authorize the Association to begin the business of banking. The form of the Certificate of Authority to begin business, or, as it is generally understood, the Charter issued to a National Banking Association, is given in Form XII. This certificate gives to the Association the right to carry on the business of a national bank under its approved title for a period of twenty years from the date of the execution of the Organization Certificate—not from the date of the Comptroller's authorization to begin business, as is sometimes assumed.

The Certificate of Authorization to begin business must be published for a period of sixty days in each issue of a newspaper published in the city or county in which the bank is located, or, if no newspaper is published in such city or county, then in a newspaper published in a locality nearest to the place of business of the bank.

At the expiration of this period of sixty days, the bank must send to the Comptroller of the Currency an Oath of Publication, similar to Form XIII, signed by the publisher of the newspaper in which the copy of Certificate has appeared.

It is desired by the Comptroller's office that in ordering permanent stationery, provision be made for the printing of the Charter number of the bank on letter heads.

Upon receipt of Charter, or telegraphic advice of its issuance, the Association may at once enter actively into the business of banking. The Comptroller should be promptly advised of the date on which business actually begins.

Qualifications of Directors

ANY stockholder who is a citizen of the United States and is the possessor in his own right of at least ten shares of the capital stock of the Association (unless the capital of the bank shall not exceed $25,000, in which case he must own at least five shares) is eligible as a director, provided the stock be not hypothecated or in any way pledged as security for any loan or debt. Should a director cease to be the absolute owner of the required number of shares, he becomes disqualified as a member of the board; otherwise a director holds office for one year and until his successor is elected and has qualified.

It is necessary that at least three-fourths of the directors shall have resided for a year or more immediately preceding their election in the State or territory in which the bank is located, and they must maintain such residence during their continuance in office.

Each share of stock held entitles the owner to one vote at any meeting of shareholders.

Voting by proxy is permissible when the proxy has been duly authorized in writing. The

practice of voting by proxy is common at all meetings of stockholders of National Banking Associations, and national banks frequently enclose with their notices of stockholders' meetings blank proxies in favor of certain persons who are expected to be present at the meeting and who may be relied upon to cast the vote of the shareholder executing the proxy in the manner directed by him. A form of proxy for use at a meeting of stockholders of a National Banking Association is suggested in Form XIV.

No officer or employee of the association may act as proxy. The Comptroller, supported by decisions of court, holds that a director is an officer within the meaning of this prohibition. No stockholder whose liability for subscription to the capital stock is past due and unpaid is entitled to vote at a meeting of shareholders.

Cumulative voting is not permissible. That is to say, a stockholder owning ten shares of stock and attending a meeting at which, say, six directors are to be elected, cannot cast sixty votes for any one person as director. He is permitted to cast ten votes only for each of six candidates.

Enforcing Payment of Capital

IF any stockholder or his assignee fails to pay any instalment of the capital stock when such payment is due, the directors of the association may sell the stock at public auction after three weeks' notice of the proposed sale has been given in each issue of a newspaper published in the city or county in which the bank is located. The stock shall be sold for not less than the amount due, together with the expense of the advertisement and sale. If the sum offered by the highest bidder be more than the amount due on the stock and the expense of advertisement and sale, the excess must be paid to the original stockholder. If it is not possible to sell the stock for a sum sufficient to cover the instalment due and the expenses of the sale, the amount already paid by the stockholder is forfeited to the association. The stock must then be sold within six months from the time of forfeiture in such manner as may be ordered by the directors. If the stock is not sold, it must be cancelled

and deducted from the capital stock of the association.

If stock is cancelled and deducted from the capital, as provided in the foregoing paragraph, in an amount which reduces the capital below the minimum required by law (as given in the table on page 3), it becomes necessary to increase the capital stock to the required amount. If the increase is not made within thirty days, the Comptroller has power to appoint a receiver to close up the business of the association.

Conversion of State Banks

A BANK or banking institution, organized and operating under state laws, may be made a national bank by conversion, or changed to a national bank by reorganization. The change may be accomplished in either of two ways:

First. The owners of two-thirds of the capital stock of the bank may authorize a majority of the directors to execute Articles of Association, an Organization Certificate and all other papers and to do whatever is required in changing and converting the bank into a national association, or

Second. A state bank may be placed in voluntary liquidation in conformity with the laws of the state in which it is located. A national bank may then be organized by those interested and the new organization will have the power to purchase such assets of the state bank as a national bank is not prohibited to hold.

Specifically prohibited assets are real estate

other than banking premises, loans collateraled by real estate, stocks of other corporations, and any loan in excess of 10 per cent of the actually paid-in and unimpaired capital and the unimpaired surplus combined, the aggregate, however, in no case to exceed 30 per cent of the capital stock.

When a state bank is to enter the national system by conversion, an application from the directors in accordance with Form XV is required, reciting the intent to convert, the title and location, and the title desired upon conversion. This may be the existing title of the bank with the addition of the word "national" or with such other changes as may be desired, and must be approved by the Comptroller. The capital must be paid in and unimpaired, and the application must contain an agreement that any assets which cannot be held legally by a national bank will be disposed of prior to the issuance of a certificate authorizing the bank to begin business as a National Banking Association. In case of reorganization of a national bank an application must be submitted in the same form as that required in connection with the organization of an absolutely new bank.

Form XVI gives a general type of authority for conversion of a state bank. The signatures or authorization by vote of the owners of at least two-thirds of the stock of the State bank must appear on this document.

Upon the receipt of the Comptroller's approval of the proposed conversion, the directors should transmit the authority for conversion and execute Articles of Association substantially as given in Form XVII.

The directors should also execute an Organization Certificate in accordance with Form XVIII, and a certificate similar to Form XIX, showing what amount of paid-in and unimpaired capital the institution has. They should also take and transmit their oaths as directors together with the signatures of officers and an order for circulation.

It should be noted in this connection that the capital of a state bank which purposes converting into a national bank must be paid in full before the Comptroller of the Currency will issue a certificate authorizing the bank to begin business as a national association. That is to say, a state bank converting may not take advantage of the provision permitting the payment of 50 per cent of the capital on organizing and the remainder in instalments following the issuance of the charter.

A bank which is the outcome of a conversion may, under the law, issue new stock certificates having a par value of more or less than $100, provided the par value of the stock certificates of the state bank before conversion into a national bank has been more or less than that amount. That is, the shares may continue to be for the same amount each as they were in the state bank.

The issuance of new certificates of stock is not mandatory though desirable. Shareholders otherwise qualified and owning ten or five shares, as required by law, regardless of the par value of the shares, are eligible as directors of a converted bank.

After the Comptroller has received the conversion papers, properly executed, together with the required amount of charter bonds, and report of examination showing the bank to be in a satisfactory condition and that all requirements have been met, he will issue a certificate similar to Form XII, authorizing the bank to begin business as a national banking association. This certificate must be published in accordance with the requirements for the publication of the charter of a bank organized from the beginning.

Reorganization of Private Banks

THE law does not provide for the conversion of private banks into national banks. If it is desired to effect a reorganization, as in the case of a state bank liquidated for that purpose, an organization from the beginning must be undertaken as provided in the chapter on Detailed Steps in Organization.

If the owners of a private bank desire to engage in banking under the national system, they are subject to the same regulations as those provided for the organization of a new bank, and the method of procedure is exactly similar to that provided under the second method of reorganization of state banks. That is to say, they must require the payment in cash of the entire capital stock and must submit to the office of the Comptroller of the Currency a statement signed by their directors to the effect that, after receiving charter, in acquiring assets from the closed private bank they will not purchase or otherwise acquire any items specifically prohibited by the National Bank Act.*

* See last paragraph page 17 for items specifically prohibited.

Consolidation

CONSOLIDATION of national banks may be effected in three ways:

First. Without increase of capital. Under this method the directors of the absorbing bank may enter into a contract with the directors or agents of another institution to purchase its assets, assume liabilities to depositors and other creditors, and to pay shareholders for their stock interests an amount equal to the value of assets purchased in excess of liabilities assumed to depositors and other creditors. It is necessary, in order to effect a consolidation under this method, to place the bank to be absorbed in voluntary liquidation. Any expenses incident to liquidation are to be deducted from the amount paid to the shareholders of the liquidating bank for their stock interests.

Second. By an increase of capital stock of the absorbing bank, the increase being equal to the capital stock of the liquidating bank. Under this method the additional shares of the absorbing bank may be sold to shareholders of

the bank to be liquidated, provided the consent of the shareholders of the absorbing association has been previously obtained. As the payment of capital originally or on account of increase must necessarily be made in money, and not in promissory notes or other "evidences of debt," the Comptroller does not recognize the right of those having the consolidation in charge to accept shares of the liquidated institution and issue in exchange therefor certificates of the absorbing bank. In effecting a consolidation under this second method, therefore, shareholders of the closed association must be paid the value of their stock, less the expenses of liquidation, in money. The proceeds thus received are then available in payment of the shares in the absorbing bank to which the former holders of shares in the liquidated bank may be entitled.

The right of shareholders to participate pro rata in an increase of stock is well recognized, and is generally incorporated in the Articles of Association of national banks. In order to avoid possible litigation over this point, it is customary to secure from shareholders of the absorbing association waivers of right to partici-

pate. The directors of the absorbing bank are then at liberty to contract for the purchase of assets and to assume liabilities to depositors and other creditors of the liquidating bank.

Third. A third method, and one which is occasionally pursued, is to place both of the interested banks in voluntary liquidation, organize anew under a different corporate title, and acquire the business of the liquidating associations in the manner outlined under the second method. This plan of procedure enables the incorporators to place the stock as they may determine.

In any event, one of the banks interested in consolidation must be placed in liquidation, but the corporate name of the absorbing bank may be changed to indicate that there has been a consolidation of two banks. For instance, "The Citizens Central National Bank" would indicate the consolidation of "The Citizens National"and "The Central National" banks. The change of name may be effected in accordance with the plan given on page 127.

National Bank Note Circulation

EVERY national bank may issue circulating notes to the amount of its paid-in capital. These notes are based upon interest-bearing United States Government bonds equal in face value to the amount of the notes to be issued.

A national bank note

Is not legal tender.
Is not receivable for customs.
Is not applicable for payment of interest on the national debt.
Is not counted in the reserve of a national bank.

With these exceptions it has the ordinary qualities of money.

A bank desiring to take out circulation should send to the Comptroller of the Currency (together with a letter stating the purpose of the deposit) the necessary bonds, to be placed by him in the custody of the Treasurer, who gives a receipt in duplicate, one of which is sent to the bank, and the other retained by the Comptroller. The bonds required as a preliminary to the

granting of the bank's charter may be counted as a part of this deposit, as the law permits the issuance of circulation against charter bonds.

As the deposit of charter bonds is necessary to complete an organization and secure a charter number, and as this charter number is printed on the notes, it is not possible for a bank to obtain its original order for circulation immediately on deposit of its bonds. If a bank desires to take out circulation against its charter bonds, it should send to the Comptroller, when forwarding them, an order for the amount of circulation desired. The blank for ordering circulation will be found in Form XX. After a bank is organized and doing business it may order circulation printed in advance and not make a bond deposit until it is ready to receive the new notes from the Comptroller and put them into circulation. Supplementary orders for circulation may be made in accordance with Form XXI.

The bonds deposited as security for circulation must be in registered form. Should a bank have coupon bonds, the Secretary of the Treasury will exchange for them registered bonds. The only expense incident to such an exchange is the

cost of transportation, which must be paid by the bank.

The bonds should be assigned in the proper form on the back to the "Treasurer of the United States in trust for The ———— National Bank of ————." The bank surrenders title to them, the Treasurer holding them in trust primarily for the purpose of securing the redemption of the bank's circulation. In case a bank fails to redeem any of its notes on demand, the Comptroller of the Currency is empowered to appoint a receiver, sell the bonds, and with the proceeds of the bond sale redeem the bank's outstanding circulation.

Should the market value of any of the bonds deposited as security for circulation fall below the amount of circulation secured thereby, the Comptroller may demand enough more bonds or legal tender to protect fully the circulating notes that have been issued.

A bank desiring to substitute one issue of bonds for another must have the authority of its Board of Directors. An application should then be made to the Comptroller, accompanied by a copy of the directors' resolution under seal of the bank, together with the receipt of the

Treasurer for the bonds which it is desired to withdraw or substitute. As this receipt must accompany an application to substitute one issue of bonds for another, it is very important that it be filed where readily obtainable. If the receipt be lost or misplaced, considerable delay may result in making a substitution. Suggestions for directors' resolutions authorizing exchanges will be found in Forms XXII and XXIII.

A bank depositing bonds with the Treasurer of the United States as security for circulation will be given a power of attorney by the Comptroller of the Currency to receive the interest as it accrues. The bank will receive the interest until the bonds are withdrawn unless it fails to pay the tax on circulation, to redeem its notes on demand, to pay the penalty for failure to make reports required by the Comptroller of the Currency, to pay instalments on account of capital stock, or fails to make good an impairment of capital.

Every national bank must, by law, accept the notes of every other national bank at their par value.*

* The only national banks that are not, by law, required to accept the notes of every other national bank, are "gold banks." Gold banks may be organized for the purpose of issuing circulating notes specifically pay-

Issues Available for Circulation

The Comptroller of the Currency will accept any unmatured issue of United States bonds to secure circulation. At present there are four such issues available:

2% Consols payable after 1930.
2% Panama Canal bonds payable after 1936 and 1938.
3% bonds payable after 1908.
4% bonds payable after 1925.

After a bank has deposited its bonds and ordered its circulation, the Comptroller will have plates engraved and the notes printed. There are four kinds of plates, one of $5 denomination with four notes, one of $10 with four notes, another of $10 and $20 with four notes, and a fourth of $50 and $100 with two notes. These plates are made at the expense of the issuing bank. To prevent the loss of plates or the illegal issuing of notes, the plates are kept in the custody of the Secretary of the Treasury.

The cost for engraving a plate with four notes is $75 and with two notes, $50. No charge is made for the printing of notes.

able in gold coin of the United States. They are incorporated in a manner similar to all national banks, and differ only in the note issuing feature. Gold banks must deposit with the Treasurer of the United States interest-bearing government bonds and can then issue circulation payable in gold coin of the United States to an amount equal to 80 per cent of the face value of the bonds. There are none of these associations in existence at the present time; therefore, the regulation is practically obsolete.

It takes about forty days to secure the first order of circulating notes. To get a future order will take about twenty days, the time for the first order being longer because of the necessity for engraving plates.

When ordering circulation in accordance with the Comptroller's form, it must be remembered that the order is in sheets with a certain number of notes on each sheet, and the order should be for amounts that can be made from multiples of such amounts. It must also be taken into consideration that only one-third of the total amount of notes ordered may be in five-dollar denomination. For instance: a bank capitalized at $25,000, which deposits one-quarter of that amount in government bonds, is entitled to secure $6,250 of circulation. As only one-third of a bank's circulation may be in five-dollar notes, the total amount of circulation ordered should be divided in such a manner that the proper number of sheets may be printed. That is, a bank having the privilege of issuing $6,250 in circulating notes (only one-third of which may be in five-dollar notes), might order 100 sheets of five-dollar notes, which, while it would not be the actual limit allowed, would be a round amount;

it might order forty sheets in ten and twenty-dollar notes, and, say, fifteen sheets in fifty and one hundred-dollar notes. This would make the $6,250 of notes desired and would permit of the correct number of sheets being printed. Unless five-dollar notes are desired only one plate is necessary, otherwise two at least will be required.

The original order for circulation, however, should be about one and one-half times the amount of circulation that can be taken out against the bonds that have been deposited. If a bank is permitted to take out $6,250 of circulation, it should place an order for approximately $9,375. The reason for this is that it is necessary for the Comptroller to have on hand enough notes to replace without delay any worn-out or mutilated circulation sent in for redemption, and to keep a stock on hand equal to 50 per cent of the capital of each bank, as required by the Act of May 30, 1908. Banks are not required to make supplementary orders for circulation unless they intend to increase their bond deposit and take out additional circulation in accordance with the law of May 30, 1908, which

requires the Comptroller to keep a stock of incomplete notes on hand.

Circulating notes are shipped to the issuing bank at its own expense. Unless otherwise instructed, the Comptroller will ship these notes under a contract which the Treasury Department has with the United States Express Company. If desired, however, arrangements may be made by the correspondents of The National City Bank to have their notes sent to them by registered mail insured. This work is in charge of the Riggs National Bank of Washington, and it is necessary for the bank wishing this service to be performed to execute a power of attorney in order to have the notes delivered to the Riggs National Bank for shipment. [See Form XXIV]. In many cases a considerable saving can be made by shipping these notes by registered mail insured instead of by express.

Notes when received are ready for circulation with the exception of the signatures of the President or Vice-President and Cashier. It was formerly held that written signatures on notes were necessary, but, while the Department has not authorized or sanctioned any change in this respect, no exception is now made to printed or

stamped signatures as distinguished from written signatures. It should be noted in this connection that all national bank notes issued to or received by a bank are subject to redemption whether or not they are signed by the officers of the association.

Whether written or stamped, the signatures appearing on the notes must be those of the President or Vice-President and Cashier of the bank. Neither an acting President or Vice-President, nor an Assistant or acting Cashier, is authorized to sign circulating notes.

National Bank Note Circulation
(continued)

IMMEDIATELY after a bank receives its first circulation from the Comptroller, it is required to deposit with the Treasurer of the United States, as a redemption fund, a sum of lawful money equal to 5 per cent of its circulation.

Remittances for credit of the 5 per cent redemption fund may be made—

By check drawn on New York payable to the "Assistant Treasurer of the United States in New York," collectible through the Clearing House, forwarded to the Assistant Treasurer with instructions to deposit the amount to the credit of the 5 per cent fund and to forward the certificate of deposit to the Treasurer of the United States.

By a deposit of lawful money with the Assistant Treasurer of the United States in Baltimore, Boston, Chicago, Cincinnati, New Orleans, New York, Philadelphia, St. Louis, or San Francisco, on account of the 5 per cent fund. Banks not located in a city where there is a Sub-Treasury can request their correspondent to make the necessary deposit. The certificate that is received for the deposit must be forwarded immediately to the Treasurer of the United States as no credit will be given until he receives such certificate.

By sending direct to the Treasurer of the United States, Washington, D. C., the proper amount of lawful money. This package if specifically marked "for the credit of the 5 per cent fund" will be transmitted by express companies at government rates. If the bank does not prepay the express charges, the Treasurer will pay them at Government rates and deduct the amount from the bank's remittance.

The Assistant Treasurers of the United States are authorized to receive deposits of lawful money directly from banks on account of their 5 per cent fund. They are not authorized to receive remittances by express and the only Assistant Treasurer who can receive checks on that account is the one at New York.

A bank which is not located in a city where there is an Assistant Treasurer of the United States may have its correspondent in Baltimore, Boston, Chicago, Cincinnati, New Orleans, New York, Philadelphia, San Francisco or St. Louis, make a deposit with the local Assistant Treasurer for its account, or its correspondent at Washington may make a deposit at the Treasury Department. A bank in one of the Sub-Treasury cities, which makes a deposit with the Assistant Treasurer for the credit of the 5 per cent fund of an out-of-town bank, receives a Certificate of Deposit which in turn it should

forward to the Treasurer of the United States. Upon receipt by the Treasurer of this Certificate of Deposit, the 5 per cent fund will be credited and the out-of-town bank will receive direct notification from the Department. The Treasurer's acknowledgment of a deposit for credit of this 5 per cent fund is made only to the bank whose 5 per cent fund is so credited. When another bank makes the deposit on account of a bank whose fund is to be credited, the depositing bank receives no acknowledgment.

A national bank cannot count in its lawful reserve any deposit held by the Treasurer in excess of the amount required for its 5 per cent fund.

The Redemption Fund is used by the Treasurer in redeeming notes presented to him. The amount of the Redemption Fund is calculated on the amount of notes issued to a bank, and no deduction is made should all or part of such notes be lost, stolen, or put into circulation without the signature of the President or Vice-President and Cashier.

Notes must be presented to the Treasurer for redemption in sums of $1,000 or any multiple. Upon receipt they are sent to the National

Bank Redemption Agency of the Treasurer's office, and are there assorted and redeemed.

A bank sending notes should first have them assorted by denominations and enclosed in paper straps. No strap should contain more than one hundred notes, and each package should be marked with the amount of its contents. A memorandum giving the amount of each denomination of notes, the total amount in the package, the address of the bank sending, and the disposition to be made of the proceeds, should be enclosed with each package, and a letter of advice sent by mail. All packages should be sent to the "Treasurer of the United States, Washington, D. C.," and should have the wrapper plainly marked with the bank's name and address. Such packages should be sent "collect" under "Government Contract with the United States Express Company."

The Treasurer, on redeeming the notes, charges them to the various issuing banks, and notifies such banks on the first day of each month, or oftener, of the amount of their notes so redeemed and the corresponding reduction of their 5 per cent funds. When a bank receives such notification, it must immediately deposit

with the Treasurer lawful money equal to the amount of its redeemed notes, thus keeping the 5 per cent fund intact.

If the amount redeemed does not exceed the 5 per cent fund of a bank, the notes fit for circulation are promptly forwarded to the issuing bank by express, and any notes unfit for circulation are delivered on the same day to the Comptroller of the Currency. If a bank's 5 per cent fund is overdrawn by such redemption, an amount of notes equal to the deficit is held by the Treasurer until the bank makes good the fund by a deposit of lawful money. As soon as this is done, all the fit notes are returned to the issuing bank and the remainder delivered to the Comptroller for destruction and the issuance of new notes.

Every national bank is compelled, by law, to have in Washington a legal representative to witness the destruction of its mutilated currency.

The National City Bank, through its relations with the Riggs National Bank of Washington, is in a position to have these services properly performed for its correspondents, and makes no charge to them for such service.

Should a bank reduce its circulation, either

by depositing lawful money or by permitting notes to be redeemed by the Treasurer and destroyed and asking for no new notes to take their place, the amount of the 5 per cent fund may be correspondingly reduced. In such a case the Treasurer will, upon receiving the proper advice, surrender any excess in the 5 per cent fund that may result from such reduction or destruction of notes. The Treasurer will not so release a portion of the 5 per cent fund until the details of the reduction of circulation are completed by depositing lawful money and withdrawing the bonds.

A national bank must pay the charges for transportation and the cost for assorting redeemed notes. At the end of each fiscal year, account having been kept of its expenses by the National Bank Redemption Agency, the several banks are assessed in proportion to the amount of their notes redeemed, and this sum is then charged to their 5 per cent accounts. If a bank deposits lawful money for the retirement of its circulation, it is assessed at the time it makes such a deposit for the cost of transporting and redeeming the notes then outstanding. The assessment is equal to the average cost of the redemption

of national bank notes during the preceding year. When a bank is notified of an assessment, it should immediately remit the amount due.

Banks taking out circulation are subject to a tax on the average amount of circulation outstanding. This tax is payable semi-annually and is at the rate of 1 per cent per annum in all cases except where the circulation is secured by deposits of the 2 per cent Consols of 1930 and the 2 per cent Panama Canal Bonds. On circulation secured by 2 per cent bonds, the tax is at the rate of $\frac{1}{2}$ of 1 per cent per annum. If the notes are secured by a deposit of 2 per cent bonds, $\frac{1}{4}$ of 1 per cent of the daily average will be the semi-annual tax, and if on the other issues, $\frac{1}{2}$ of 1 per cent for each half year period.

The Treasurer, when levying the tax, takes as a basis the average amount of notes that a bank has had in circulation during the six months previous to the assessment date. This estimate must be made by each bank and submitted, under the oath of the President or Cashier, within ten days from the first of January and July.

If a bank fails to make a proper report on the average amount of circulation it has had

outstanding for a period of six months, it is liable to a fine of $200, and the tax which must be paid by the bank is assessed on the amount of notes that has been delivered by the Comptroller, instead of upon the average amount in circulation.

Liability for tax begins on the first days of January and July in each year, unless a bank should not at that time have any circulation outstanding. In the latter case, the liability begins with the date of the first issue of notes, and terminates on the thirtieth day of June or the thirty-first day of December, depending on whether it will be the first or the last six months of the year.

A bank can calculate the average amount of notes it has in circulation during a period of say six months, by taking the amount it has outstanding each day for the particular period, adding these amounts together and dividing by the exact number of days.

Should a bank not keep a daily record of outstanding circulation, but obtain its averages from weekly statements, it should pursue the same course as would a bank having daily records. Instead of adding the amounts of circulation

outstanding daily, it should add together the amounts of circulation outstanding weekly, and divide by the number of weeks, instead of the number of days in the period. If there is any fraction of a week, the amount that should be added for each day of such a fraction is one-seventh of the balance for the week immediately preceding the odd number of days. Banks whose circulation is not subject to a tax for the entire half year, if estimates are made from daily balances, should divide the total of those balances by the number of days in the half year, and banks which make their estimates from weekly balances should divide the total by the number of weeks and fraction of a week in the half year. The tax computed on the result will be at the full semi-annual rate.

The Treasurer of the United States, shortly before the tax on circulation is payable, sends to each national bank, in duplicate, the blank given in Form XXV. This blank should be filled out and sent back to the Treasurer (not to the Comptroller) within the ten days following the dates on which the circulation tax is due. The duplicate is kept in the bank's files.

A bank may pay the amount of tax assessed

on its circulating notes to the Treasurer of the United States or to any Assistant Treasurer or National Bank Depositary. When payment is made certificates are issued in triplicate. The original should be immediately forwarded to the Secretary of the Treasury, the duplicate to the Treasurer and the triplicate should be held by the bank as a voucher. This certificate must state specifically that the deposit is made on account of the semi-annual circulation tax. Should there not be a depositary convenient to a bank, payment may be made by draft on New York, which must, however, be collectible through the Clearing House. Drafts should be made to the order of the Treasurer of the United States. Payment may also be made in lawful money of the United States or in notes of national banks by direct remittance to the Treasurer.

United States bonds are not taxable by any authority, nor are national banks taxable by any state or municipal authority on their own circulating notes. In this connection, however, it should be noted that, in computing the amount of the gross income for purposes of making returns under the corporation excise tax law,

corporations owning United States bonds should include the interest received thereon and that such interest should not be deducted from the gross income for the purpose of ascertaining the net income which serves as a basis for computing the amount of taxes to be paid. The reason for so including interest on the United States bonds lies in the fact that the tax is imposed not upon the *property* or *income* of corporations but is a special tax to be measured by the annual *net* income of such corporations.

Should a bank believe the tax levied by the Treasurer to be excessive, it should make a statement of account to the Treasurer, which, if certified by him to be correct, will result in the excess tax being refunded.

Any bank desiring to withdraw all of its circulation, or a part of it, may do so by depositing with the Treasurer of the United States lawful money to an amount equal to the notes it wishes to retire. Upon the proper deposit of lawful money by a bank, the Treasurer will reassign the bonds to the bank withdrawing circulation, and will destroy the redeemed circulation. No bank, of course, may reduce its deposit of bonds with the Treasurer below

the limit of its Charter bonds, unless it is going out of business. Any bank which desires to withdraw all of its circulation will be assessed, when making its deposit of lawful money to redeem such circulation, the cost of transporting and redeeming its notes. The assessment will be equal to the average cost of the redemption of national bank notes during the preceding year.

The retirement of circulation by depositing lawful money is limited by the Act of July 12, 1882, as amended by the Acts of March 4, 1907, and May 30, 1908, to $9,000,000 in any one month. This limitation does not apply in the case of the reduction of capital stock to an amount below a bank's outstanding circulation, nor to a bank going into voluntary liquidation. Neither does it apply when a bank retires its circulation by surrendering the notes for cancellation without reissue, as in the latter case no deposit of lawful money is required.

Before a bank makes arrangements to sell bonds and reduce its circulation, it should find out whether the limit has been reached. Contrary to the former practice, applications to make deposits of lawful money at some future

time are not now entertained, as the Comptroller construes the law as requiring him to accept deposits in the order in which they are made. It may be stated, however, that since the limit was fixed at $9,000,000, that amount has never been deposited in any one month.

A bank must, once each fiscal year, have an agent examine and compare with the books of the Comptroller of the Currency and with its own accounts, the bonds that it has deposited with the Treasurer of the United States. If they are found correct, it must give to the Treasurer a certificate similar to Form XXVI, which sets forth the amount and different kinds of bonds that it has on deposit.

Through the Riggs National Bank, its representative in Washington, The National City Bank is prepared to undertake this examination on behalf of its correspondents and will make no charge therefor.

Profits on Circulation

THE profit which a national bank makes in taking out circulation is determined mainly by two factors—the price at which it purchases government bonds and the average rate of interest in the money market. As all issues of government bonds usually sell above par, and as a bank receives in circulation an amount equal only to the par value of the bonds deposited, it is evident that it must pay out for the government bonds which it deposits to secure circulation more money than it receives in circulating notes from the Comptroller. The profit in the transaction lies in the fact that a bank can pay out the circulating notes and that it also receives interest upon the government bonds. That profit is reduced, however, owing to the fact that the outstanding circulating notes are taxed by the Government, that there are certain expenses attached to their printing, issue, and redemption, and that, as the bank purchases at a premium bonds

which will in due course be redeemed by the Government at par, the bank must set aside a sinking fund which will, by the time the bonds mature, absorb the premium. Remarks upon the nature of this sinking fund, which will be found in the discussion of profits on government deposits, will apply with equal force in a consideration of the profits upon national bank circulation and are not, therefore, given here.

In deciding whether or not it is advisable to take out circulation, bank officers frequently wish to know whether it is more profitable to issue circulation in a low or a high money market. This question may be answered by saying that in the case of a purchase of bonds at par, the average rate for money is not the determining factor, as the additional profit derived from taking out circulation over loaning direct the money invested in bonds is exactly the same no matter what the average rate for money may be.

In the case of bonds purchased at a premium, however, it is more profitable to take out circulation in a low average money market than in a high average money market. This is due to the fact that the bank taking out circulation on

bonds purchased at a premium will pay more than par for its bonds but will receive back in circulating notes, and be able to loan, an amount only equal to the par value of the bonds deposited. By loaning direct the entire sum which it invests in bonds, the bank would receive interest on that entire sum. Therefore, in taking out circulation the bank loses interest on the premium.

In a low average money market this loss of interest will be less than in a high average money market. Hence, in the case of bonds purchased at a premium the profits on circulation are less in a high average money market than in a low average money market.

Since January 1, 1909, all trades in government bonds have been at "and interest" prices. While the Transfer Books are closed, interest is calculated to regular delivery, and from the total of price and interest is deducted the interest which the registered holder, prior to the closing of the Transfer Books, receives on the next interest date.

To make a typical illustration of the method of computing profits on circulation, there is assumed a purchase of $100,000 United States

2 per cent bonds of 1930, bought March 1, 1910, at 101 and interest. With an average rate in the money market of 6 per cent, the profits on circulation will be reached in this way: The bank will receive the interest on the bonds, amounting to $2,000 annually, and, assuming that it keeps out all the circulation, in a 6 per cent money market, it will receive $6,000 interest on circulation, making gross receipts of $8,000. As the circulation in this case is taken out on 2 per cent bonds, the tax would be one-half of 1 per cent, or, on $100,000, $500. The average expense of redemption, express charges, etc., is estimated by the Government Actuary at about $63 on each $100,000 of circulation. The amount which will have to be set aside annually for the sinking fund in this case is $26, making the sum of the deductions $589. If this amount is subtracted from the gross receipts of $8,000, the net receipts are found to be $7,411. Had the cost of the bonds been loaned at the market rate of interest, the bank would have received $6,060 per annum. The net profit in taking out circulation amounts, therefore, to the net receipts as stated above, less the amount which would have been derived

by loaning the money direct at 6 per cent. This difference is $1,351, which is 1.341 per cent of the cost of the bonds; that is to say, in a 6 per cent money market, a bank taking out circulation March 1, 1910, based upon a purchase of bonds at 101 and interest, would make annually 7.34 per cent on the investment, while it would have received but 6 per cent had it loaned the money direct.

This calculation shows the profits to be obtained by taking out $100,000 of circulation. On a less sum, the amount of profit would be proportionate, but the percentage of profit would remain the same.

The increased income, however, is not all that a bank gains by distributing its notes throughout the community in which it is situated. The currency once disseminated becomes a dignified and effective advertisement of the bank, although that perhaps is not of great practical importance.

The following is a calculation showing the profits to be derived from the issuance of circulation in accordance with the example given.

Profit on National Bank Circulation Secured by Government Bonds.

Date of calculation, March 1, 1910.

Issue of bonds purchased: United States Registered 2% bonds of 1930.

Price of bonds (101 and int.), $101,000.
Par value of bonds purchased, $100,000.
Money worth 6 per cent.

Income from bonds		$2,000
Income from circulation loaned at 6%		6,000
		$8,000
Deductions:		
Tax on circulation	$500	
Sinking Fund to retire premium on bonds at maturity, amount to be set aside each year	26	
Expenses (plates, express charges, &c.)	63	589
Net income from circulation		$7,411
Net income from loaning $101,000 (net cost of bonds purchased) at 6%		6,060
Increased income from circulation over loaning cost of bonds direct		$1,351
Percentage of increased profit on investment		1.34%

There are also given calculations showing the profits to be derived from $100,000 of circulation secured by the deposit of the other Government issues purchased at the asked prices for them. It is interesting to note that the profits to be derived from the 4s are greater than those to be derived from the 2s, although the percentage of profit is not so great for the former as for the latter. This is due to the fact that it is necessary to invest considerably more money in the 4s of 1925, owing to the high premium which they command. The profits to be derived from the deposit of 3s for circulation purposes are also greater than those to be secured from the deposit of 2s for the same purpose, provided that the 3s are not redeemed until their final maturity in 1918. It must be remembered, however, in this connection, that the 3s are subject to redemption upon any interest date between now and 1918.

Tabular Illustration

Profit on National Bank Circulation Secured by Government Bonds.

Date of calculation, March 1, 1910.

Issue of bonds purchased: United States Registered 4% bonds of 1925.

Price of bonds (115 and int.), $115,000.
Par value of bonds purchased, $100,000.
Money worth 6 per cent.

Income from bonds		$4,000
Income from circulation loaned at 6%		6,000
		$10,000
Deductions:		
Tax on circulation	$1,000	
Sinking fund to retire premium on bonds at maturity, amount to be set aside each year	624	
Expenses (plate, express charges, &c.)	63	1,687
Net income from circulation		$8,313
Net income from loaning $115,000 (net cost of bonds purchased) at 6%		6,900
Increased income from circulation over loaning cost of bonds direct		$1,413
Percentage of increased profit on investment		1.22%

Profit on National Bank Circulation Secured by Government Bonds.

Date of calculation, March 1, 1910.

Issue of bonds purchased: United States Registered 3% bonds of 1918.

Price of bonds (102¾ and int.), $102,750.
Par value of bonds purchased, $100,000.

Money worth 6 per cent.

Income from bonds		$3,000
Income from circulation loaned at 6%		6,000
		$9,000
Deductions:		
Tax on circulation	$1,000	
Sinking Fund to retire premium on bonds at maturity, amount to be set aside each year	250	
Expenses (plates, express charges, &c.)	63	1,313
Net income from circulation		$7,687
Net income from loaning $102,750 (net cost of bonds purchased) at 6%		6,165
Increased income from circulation over loaning cost of bonds direct		$1,522
Percentage of increased profit on investment		1.48%

Profit on National Bank Circulation Secured by Government Bonds.

Date of calculation, March 1, 1910.

Issue of bonds purchased: United States Panama Registered 2% bonds of 1918.

Price of bonds (100¾ and int.), $100,750.

Par value of bonds purchased, $100,000.

Money worth 6 per cent.

Income from bonds		$2,000
Income from circulation loaned at 6%		6,000
		$8,000
Deductions:		
Tax on circulation	$500	
Sinking Fund to retire premium on bonds at maturity, amount to be set aside each year	69	
Expenses (plates, express charges, &c.)	63	632
Net income from circulation		$7,368
Net income from loaning $100,750 (net cost of bonds purchased) at 6%		6,045
Increased income from circulation over loaning cost of bonds direct		$1,323
Percentage of increased profit on investment		1.31%

Tabular Illustration

Profit on National Bank Circulation Secured by Government Bonds.

Date of calculation, March 1, 1910.

Issue of bonds purchased: United States Panama Registered 2% bonds of 1916.

Price of bonds ($100\frac{3}{4}$ and int.), $100,750.
Par value of bonds purchased, $100,000.
Money worth 6 per cent.

Income from bonds		$2,000
Income from circulation loaned at 6%		6,000
		$8,000
Deductions:		
Tax on circulation	$500	
Sinking Fund to retire premium on bonds at maturity, amount to be set aside each year	99	
Expenses (plates, express charges, &c.)	63	662
Net income from circulation		$7,338
Net income from loaning $100,750 (net cost of bonds purchased) at 6%		6,045
Increased income from circulation over loaning cost of bonds direct		$1,293
Percentage of increased profit on investment		1.28%

Emergency Circulation

THE panic of 1907 was followed by an amendment to the national banking laws designed to enable banks to meet an extraordinary demand for circulation, this additional circulation to be based on security other than United States bonds. Soon after the assembling of Congress in December, 1907, consideration was given to a measure having this object in view, and under date of May 30, 1908, there was passed "An Act to Amend the National Banking Laws," which provides for the formation of National Currency Associations, the issue of additional currency on the security of bonds, other than bonds of the United States, and other securities, including bills receivable. The Act also authorized the creation of the National Monetary Commission, whose duty is to inquire into and report to Congress, at the earliest date practicable, what changes are necessary or desirable in the monetary system of the United States or in the laws relating to banking and currency.

The Act in question will expire by limitation on June 30, 1914.

The first section of the Act provides that national banks, not less than ten in number, each having an unimpaired capital and a surplus equal to 20 per cent of its capital and with aggregate capital and surplus of not less than $5,000,000, may form voluntary associations to be designated as National Currency Associations. Their formation is subject to the approval of the Secretary of the Treasury, with whom certificate of incorporation must be filed. But one National Currency Association may be formed in any city, and it is the intent of the law in the formation of associations elsewhere than in cities that the membership shall be composed of banks located in contiguous territory. Applications for membership are subject to approval by the Secretary of the Treasury. Each association shall be composed of banks not members of any other National Currency Association.

To permit banks to take advantage of the provisions of this Act, the demand for additional circulation to meet the requirements in a given

locality must be recognized by the Secretary of the Treasury.

It is the duty of the Secretary to obtain information with reference to the value and character of securities authorized to be accepted, and he is required from time to time to furnish information to National Banking Associations regarding securities which are acceptable.

With the approval of the Secretary of the Treasury, any securities, including commercial paper, may be deposited by any bank with a National Currency Association to secure additional circulation to the extent of 75 per cent of the cash value of the securities or commercial paper so deposited, but that portion of such additional circulation issued on the security of commercial paper must not exceed 30 per cent of the capital and surplus of the bank.

Against the deposit with a National Currency Association of state, city, county, town or municipal bonds, as described in the Act, circulating notes may be issued to the extent of not exceeding 90 per cent of the market value of such bonds.

To be entitled to issue such additional circulation, a national bank, member of a National

Currency Association, must have outstanding circulation secured by United States bonds to the extent of 40 per cent of its capital stock. If a national bank desires to issue additional circulation, the required securities must be deposited in trust for the United States with the National Currency Association of which it is a member, when the association, on behalf of the bank, applies to the Comptroller for authority to issue additional circulation. This application is referred to the Secretary of the Treasury, and upon his approval the bank may receive additional circulation to the amount to which it is entitled.

National banks, with qualifications similar to those required for membership in National Currency Associations, may individually apply to the Comptroller for permission to deposit with the Treasurer or Assistant Treasurer, state, city, county, town, or municipal bonds, and, with the approval of the Secretary as to time and amount of issue, may be authorized to receive additional circulation to an amount not exceeding 90 per cent of the market value, but not in excess of the par value of the bonds deposited.

This additional circulation is treated in all

respects as circulation secured by United States bonds, but no national banking association may have outstanding circulation, secured by United States bonds and other securities, in excess of its capital and surplus, and in the entire country not more than $500,000,000 of additional circulation may be outstanding at any one time.

Every national bank having outstanding additional circulation shall keep with the Treasurer of the United States a redemption fund equal to 5 per cent of such outstanding circulation. Formerly it was believed that the intent of the Act of May 30, 1908, was to make additional circulation subject to a 5 per cent fund in addition to that required in the case of Government bond secured circulation, making a total redemption fund of 10 per cent. The Treasury Department has now ruled to the contrary.

The tax on additional circulation for the first month is fixed at 5 per cent per annum, and afterwards an additional tax of 1 per cent per annum each succeeding month is charged until a total tax of 10 per cent is reached. Thereafter the rate continues at 10 per cent. The proceeds of this tax on additional circulation are to be credited and added to the reserve

fund held for the redemption of United States and other notes.

Additional circulation may be retired at any time and in any amount by depositing lawful money or national bank notes with the Treasurer of the United States. These deposits are not covered into the Treasury but are retained for the specific purpose of redeeming the notes of the depositing bank.

The Act further provides for the engraving of plates and the printing of circulating notes therefrom bearing the legend "Secured by United States Bonds or Other Securities," and to such amount as shall be required to supply the demands of banks. The Comptroller is also required to provide such circulation to an amount equal to 50 per cent of the capital of each bank, to be held subject to his order. Until notes of the new design were ready for issue, the old designs of notes were issued on the security of United States bonds, though the issue of old design notes based on other securities is absolutely prohibited. Notes of the new design have been prepared and are ready for issue to all national banks. The old issues, upon receipt at the Department, are redeemed and destroyed,

and notes of the new design issued in lieu thereof.

All acts and orders of the Comptroller of the Currency and the Treasurer of the United States authorized by this law are required to have the approval of the Secretary of the Treasury, who also has power to make such rules and regulations and exercise such control over the organization and management of National Currency Associations as may be necessary to carry out the purposes of the Act.

Immediately after the passage of the Act authorizing National Currency Associations, at the suggestion of the Secretary of the Treasury, such an Association was formed in the District of Columbia. Upon the further suggestion of the Secretary, other Associations will probably be formed in the immediate future.

While there has been some correspondence with the Department relative to depositing securities for additional circulation under this Act, the Secretary has not recognized the existence of a demand for such increase in national bank circulation, and no deposits as security therefor have been accepted. United States bonds are, on June 1, 1910, the only securities on deposit to secure outstanding national bank circulation.

In the event that the Secretary shall decide to give favorable consideration to applications to deposit securities for the purpose of issuing additional circulation authorized by the Act of May 30, 1908, the correspondents of The National City Bank of New York will be notified promptly.

Bank Reserves

EVERY national bank must keep a lawful reserve. Lawful reserve may be defined as an arbitrary proportion of lawful money, which, under the law, a bank must at all times maintain against its deposit liabilities. The exact sum required is determined by the amount of the bank's deposits and the percentage by the location of the bank, that is, whether in a central reserve city, reserve city, or in an undesignated community.

The lawful reserve of a national bank is made up of cash in its vaults, the 5 per cent fund deposited with the Treasurer of the United States to redeem its circulating notes, and, with certain limitations and exceptions, bank credits with regularly designated Reserve Agents. The cash in the vault of a bank which may be counted in the bank's lawful reserve is known as "lawful money" and consists of the following:

Gold coin,
Silver coin,
Gold certificates,

Silver certificates,
Clearing House certificates,
United States notes,
Treasury notes.

In those cities where there is a clearing house which has provided a suitable vault for the use of members, a bank may deposit with it coin and legal tenders and receive Clearing House Certificates representing the lawful money so deposited. These certificates are issued in a form to pass only from one bank to another in payment of clearing debit balances. Such Clearing House Certificates may be counted in the reserve.

So-called Clearing House Certificates sometimes issued in times of monetary stringency by a clearing house association accepting bank collateral and issuing Clearing House Certificates against such collateral, do not, of course, come within this meaning, and may not be counted in the reserve.

The amount of reserve that a bank must keep in compliance with the National Bank Act is a fixed percentage of its net deposits. The first step, therefore, in calculating the legal reserve of a national bank is to find exactly what are NET

DEPOSITS according to the regulations of the office of the Comptroller of the Currency.

A bank, in order to find its NET DEPOSITS, must first get the total of its gross deposits. There are numerous items which go to make up these gross deposits, and they are set forth in the following typical bank statement, which contains all items that are likely to be found in the usual bank report. The gross deposits can be ascertained by adding together all the items which are found distinguished by heavy type on the LIABILITY side of the statement. After this total is ascertained, the items found similarly distinguished on the RESOURCE side of the statement must be deducted, and the result obtained is NET DEPOSITS, which form the basis on which the reserve is figured.

Resources.	*Liabilities.*
Loans and Discounts.....	Capital Stock paid in.....
Overdrafts.....	Surplus Fund.....
U. S. Bonds to secure Circulation.....	Undivided Profits, less Expenses and Taxes.....
U. S. Bonds to secure U. S. Deposits.....	National Bank notes outstanding.....
Other Bonds to secure U. S. Deposits.....	DUE TO OTHER NATIONAL BANKS.....
U. S. Bonds on hand.....	DUE TO STATE BANKS AND BANKERS.....
Premium on U. S. Bonds.....	DUE TO TRUST COMPANIES AND SAVINGS BANKS.....
Bonds, Securities, etc.....	DUE TO APPROVED RESERVE AGENTS.....
Banking House, Furniture and Fixtures.....	DIVIDENDS UNPAID....
Other Real Estate owned.....	INDIVIDUAL DEPOSITS.
DUE FROM NATIONAL BANKS.....	CERTIFICATES OF DEPOSIT.....
DUE FROM STATE BANKS AND BANKERS.....	SPECIAL DEPOSITS.....
Due from approved Reserve Agents.....	CERTIFIED CHECKS....
Internal Revenue Stamps.....	CASHIER'S CHECKS OUTSTANDING,.....
CHECKS AND OTHER CASH ITEMS.....	U. S. Deposits.....
EXCHANGES FOR CLEARING HOUSE.....	DEPOSITS OF U. S. DISBURSING OFFICERS.
NOTES OF OTHER NATIONAL BANKS....	Bonds borrowed.....
Fractional paper Currency, Nickels and Cents.....	Notes and Bills rediscounted...
Specie.....	Bills payable.....
Legal Tender Notes.....	Tax Reserve.....
Five per cent Redemption Fund	Bonds borrowed.....
DUE FROM U. S. TREASURER.....	Liabilities other than those above.....
Bonds loaned.....	
Total.....	Total..... ...

If the *balance* of any reciprocal account is an amount *due from* the Reserve Agent bank, such *balance* may be treated as available for reserve.

But if such *balance* represents an amount *due to* the Reserve Agent bank, then it should be regarded as "Due to National Banks."

According to the practice of the Comptroller's office, a bank need keep reserve only on the amount of bank deposits that it has in excess of the amount due from other banks. Therefore, the amount "due from banks" should be subtracted from the amount "due to banks" if the latter amount is in excess, and the excess added to the deposits to ascertain the net amount of deposits. If a bank's bank deposits are not as large as the amount it has due to it from banks, both the items "due to banks" and "due from banks" are omitted from the computation.

In Forms XXVII and XXVIII will be found reproduced the blanks which the Comptroller of the Currency furnishes to banks for the purpose of computing their reserves. These statements are arranged in such manner and in such detail that a careful study of them in connection with this chapter ought to make the method of calculating

reserve perfectly clear. The first statement is the proper form for banks located in Central Reserve Cities and in Reserve Cities; the second statement is the proper form for banks located elsewhere than in Central Reserve and in Reserve Cities, or what may conveniently be termed Undesignated Communities.

Central Reserve Cities are those which have been so designated in the law and subsequently by the Comptroller of the Currency upon application of at least three-fourths of the national banks located therein. They must have a population of at least 200,000.

The Central Reserve Cities are as follows:

Chicago,
New York,
St. Louis.

Reserve Cities are those which, similarly to Central Reserve Cities, have been so designated in the law and subsequently by the Comptroller of the Currency upon application of at least three-fourths of the national banks located therein. They must have a population of at least 25,000.

On June 1, 1910, the Reserve Cities were as follows:

Albany	Minneapolis
Baltimore	Muskogee
Boston	New Orleans
Brooklyn	Oklahoma City
Cedar Rapids	Omaha
Cincinnati	Philadelphia
Cleveland	Pittsburg
Columbus	Portland
Dallas	Pueblo
Denver	St. Joseph
Des Moines	St. Paul
Detroit	Salt Lake City
Dubuque	San Antonio
Fort Worth	San Francisco
Galveston	Savannah
Houston	Seattle
Indianapolis	South Omaha
Kansas City, Kansas	Spokane
Kansas City, Mo.	Tacoma
Lincoln	Topeka
Los Angeles	Waco
Louisville	Washington
Milwaukee	Wichita

Central Reserve City Banks must maintain a reserve of 25 per cent of their net deposits. This entire fund must be kept in lawful money in their own vaults.

Reserve City Banks must also maintain a reserve of 25 per cent of their net deposits. Of this amount, one-half, or 12½ per cent, of their net deposits must be held in lawful money in the vaults of the bank. The remaining one-half, or 12½ per cent, of net deposits may be deposited in banks located in a Central Reserve City, provided the depositaries are approved by the Comptroller of the Currency.

Country Banks, i.e., a general term used to designate institutions located elsewhere than in Reserve or Central Reserve Cities, must maintain a reserve of 15 per cent of their net deposits. Of this amount two-fifths, or 6 per cent, of their net deposits must be held in lawful money in the vaults of the bank. The remaining three-fifths, or 9 per cent, of the net deposits may be deposited in national banks located in Reserve or in Central Reserve Cities, provided the depositaries are approved by the Comptroller of the Currency. Country banks are not permitted to hold the reserve of any other banks.

Under these regulations a Central Reserve Bank is unable to earn interest on any portion of its reserve fund. This disadvantage, however, is offset, at least in part, by the fact that such a

bank is in a position to secure the reserve funds of banks in Reserve Cities and Undesignated Communities.

A bank desiring to have a Reserve Agent appointed makes an application by letter to the Comptroller of the Currency. No particular form of letter is required for this application, and if the bank which it is proposed to make a Reserve Agent is in good standing, the application will be promptly approved.

When the reserve of a bank falls below the amount specified by law, such a bank must not further increase its liabilities in any manner, except that it may continue to purchase bills of exchange payable at sight. The bank must also cease paying dividends until the reserve is made good. After a bank has been notified by the Comptroller of the Currency that its reserve is below the legal limit, it must, within thirty days from that time, replenish such reserve, or the Comptroller may, with the concurrence of the Secretary of the Treasury, appoint a receiver to liquidate its business. Action on the part of the Comptroller, however, is discretionary and not mandatory.

Government Depositaries

THE Government has utilized banks in its fiscal operations ever since the Revolutionary War. Robert Morris, who carried on the financial operations of the colonies at that time, accomplished his object by operating largely through banks which he organized for the purpose. During the period of the Revolution and up to 1809, no regulations were in force regarding the disposition of the public revenues. Public moneys were placed in any bank or banks that the Treasury officials saw fit to designate. From 1789 to 1791 the Bank of North America in Pennsylvania was the principal depositary for public revenues. After 1791 the United States Bank was voluntarily included by the Treasury Department among the depositary institutions. The Act of March 3, 1809, was the first specific enactment concerning the disposition of public money. This law made it incumbent on the Treasury officials to place public moneys in the hands of disbursing officers

in some duly incorporated bank to be named by the President. The regulation had no bearing on the accounts of collecting officers. In 1816, upon the renewal of the charter of the United States Bank, it was provided in the charter that public moneys should be placed in that institution or its branches. This regulation remained in force until President Jackson's term. He was opposed to the concentration of deposits in one bank and proceeded to distribute them among the various State institutions. The sudden augmenting of deposits in the various State banks induced an undue expansion of credit and speculation, so that in 1837, when the Government was forced to withdraw some of these deposits, a distressing panic ensued. President Van Buren then recommended the Independent Treasury system, and the Independent Treasury Law was passed July 4, 1840. It remained in force only until August 13, 1841. On August 16, 1846, a new Independent Treasury Law was enacted and has remained in force until the present day. Public funds in banks were then withdrawn, and from 1847 to 1864 no Government account was kept with banks.

In 1864, the re-enacted National Bank Act was

passed. This Act provided that "all national banks designated for that purpose by the Secretary of the Treasury shall be depositaries of public money except from customs." By Act of March 4, 1907, customs receipts may now also be deposited in national bank depositaries.

There are two classes of depositary banks:

Permanent or regular depositaries.

Temporary depositaries.

Permanent depositaries, as the name indicates, are permanent in character. They are designated by the Secretary of the Treasury in localities where the principal offices of Internal Revenue and Customs Collectors and Receivers of Public Moneys on Account of Land Sales are located. The main function of such banks, in their relation to the Treasury, is to receive deposits of public funds. Banks are not appointed as permanent depositaries unless they are situated in a section of the country where the collection and transfer of public revenues will be safeguarded and facilitated by the machinery of a bank. Therefore a bank, in order to be designated a permanent depositary, must first of all be in a locality where receipts from Internal Revenue, Customs, or Sales of Public Lands are

continuous and large enough to make a depositary of some use to the Government. If a bank is located in such a district, and its officers wish to be designated a permanent depositary, application should be made by letter to the Secretary of the Treasury.

When a bank is appointed a permanent depositary it is authorized to receive a certain amount of government money. To secure such funds it must place with the Treasurer of the United States government bonds equal in face value to the moneys to be deposited. Such a government account can be utilized by a bank in the same manner as the deposits of individuals.

The Act of May 30, 1908, states that no reserve need be maintained against government deposits, the basis for this exemption being that such deposits are amply secured by the United States bonds lodged against them.

Government accounts with permanent depositaries are active. United States Revenue and Customs collectors deposit their receipts each day with the properly designated bank. If there happens to be more than one depositary in a place the Collectors may alternate their deposits. For a deposit by a Collector, the bank is required to

issue a certificate of deposit, usually in triplicate. The original certificate the bank must send to the Secretary of the Treasury, the duplicate, in case of internal revenue receipts, to the Commissioner of Internal Revenue, in case of land office receipts to the Commissioner of the General Land Office. The triplicate the bank places in its own files. Certificates of deposit covering customs receipts are issued only in duplicate, the original being sent to the Secretary of the Treasury and the duplicate delivered to the Collector of Customs. Such certificates of deposit must be mailed on the day the deposit is made. A copy of the Certificate of Deposit will be found in Form XXIX.

If a deposit is made with a depositary bank in excess of the maximum deposit for which the bank has been designated by the Secretary of the Treasury, such excess must be transmitted without orders to the nearest sub-treasury on the day it is received. Remittances must involve no expense to the Treasury Department.

Every permanent depositary must on stated days render to the Secretary of the Treasury a transcript of the Treasurer's account, and must also send a duplicate to the Treasurer. A list

of weekly deposits, showing the details of the aggregate amounts of receipts, should accompany the transcript to the Secretary of the Treasury. A separate list should be rendered for the deposit of each officer, if more than one makes deposits, and for each account.

Miscellaneous and incidental deposits should be clearly identified by the name of the depositor, and by indicating for what account deposited; if a repayment, the bank should state on what account the money repaid was originally advanced.

The debit side of the transcript should exhibit money paid by the bank, whether on a Treasurer's letter of instruction, transfer order, or Treasurer's warrant, with number of order, or number and character of warrant.

Counter entries should not be made without instructions from the Secretary of the Treasury or the Treasurer of the United States.

When counter entries are made to correct amounts previously and erroneously placed to credit or debit, it is very important that the name of the depositor and the date of the original entry should be given. Corrections should never

be made by changing balances once brought forward.

All warrants must be transmitted to the Treasurer with the account current on which they are charged; otherwise such charges will not be allowed.

Transfers should be charged when remittance is made, without waiting for Certificates of Deposit, which can be sent to the Treasurer as soon as received.

Copies of the Transcript, List of Balances and List of Deposits will be found in Forms XXX to XXXIII. In Form XXXIV will be found a list of dates on which transcripts must be rendered.

In places where there is a government depositary tax-payers are saved the inconvenience of paying their public dues in lawful money. The Government does not recognize the payment of taxes by check and draft, but a Collector is permitted to take at his own risk any check that his depositary will receive as money.

The Government, under the Act of May 30, 1908, is authorized to receive interest on money that it has placed in national bank depositaries and at such uniform rate, not less than one per

cent, as the Secretary of the Treasury may prescribe.

There are, at the present time, 493 regular or permanent depositaries and 975 temporary depositaries.

Temporary depositaries are depositaries that do not receive current deposits directly from public officers, but receive from the Treasurer, usually through the medium of another depositary bank, the amount of the funds allotted. Temporary depositaries are not selected to facilitate the collection business of the Government, but for the purpose of apportioning surplus revenues, so that they may be employed for business and commercial uses instead of being impounded in the Treasury.

The first marked recognition of such depositaries occurred during the refunding operations carried on in the '70s. In 1879 the operations of the Government incident to the resumption of specie payment resulted in the accumulation of considerable funds by the Treasury Department. Secretary Sherman, in order to prevent a glut of money in the Treasury Department, whence it could be paid out only for daily expenditures or by an appropriation of Congress, made

use of temporary depositaries. Notable use was again made of such agencies in 1887 and 1888 by Secretary Fairchild. Since then, whenever the receipts of the Government have been largely in excess of the expenditures, the Treasury Department has created temporary depositaries to hold such excess revenues. Any Government money placed with temporary depositary banks is available for business uses.

The principal difference between a permanent depositary and a temporary depositary is that the account in a temporary depositary is inactive. The Secretary of the Treasury allots a certain portion of Government funds to such a depositary, and the account remains stationary, subject only to call by the Secretary of the Treasury. Money is usually placed in temporary depositaries through the agency of one of the regular depositaries which the Secretary of the Treasury utilizes as a receiving and distributing agent.

Temporary depositaries are not appointed because of location. Whenever the surplus of the Government warrants the creation of temporary depositaries, the Secretary of the Treasury, as far as possible, attempts to distribute such

funds pro rata among the banks throughout the country. Any bank receiving a deposit must make a counter-deposit of government bonds with the Secretary of the Treasury. Application for temporary deposits should be made by letter to the Secretary of the Treasury. Usually applications to be designated a temporary depositary are considered by the Secretary of the Treasury in the order of their receipt, discrimination, of course, being made in favor of banks in a section of the country where previously created depositaries are few in comparison.

Court and post-office funds are kept in permanent or regular depositaries.

Interest is sometimes paid by banks on court funds placed with them, but this is by arrangement with the court.

Whenever Congress appropriates money for the erection of a public building or other public improvement and it becomes necessary to designate a disbursing officer, such disbursing officer must keep the funds entrusted to him at the nearest convenient depositary or Sub-Treasury. Usually the disbursing officer is a government officer located in the place or near the place

where the public improvements are being made and he keeps his account with a regular depositary if there is one. If such a disbursing officer is located at a point where there is a Sub-Treasury, he is required to keep his account at the Sub-Treasury. Sometimes the cashier of a bank is designated as a disbursing officer of the Government if no other government official happens to be stationed at or near the place where an account is necessary to be kept, but a cashier so appointed cannot keep the funds he is required to disburse in his own bank unless it is a public depositary. In places where there is no Treasurer or Assistant Treasurer or bank depositary, the Secretary of the Treasury may, when he deems it essential to the public interest, especially authorize that public money may be kept in some other manner under such regulations as he may deem safe and effectual to facilitate payment to public creditors, but this has not been done for some years.

The Secretary of the Treasury has construed the law concerning the security required for Government deposits to include not only Government bonds but other bonds that might in

his judgment furnish a satisfactory margin of safety.

In recent years miscellaneous bonds have been accepted as security for public deposits and particularly during the period of surplus revenues, when, because of the large accumulation, it was difficult to obtain government bonds for this purpose. State, municipal and high grade railroad bonds were, under the construction given to the phrase "United States bonds, and otherwise," accepted in large amounts. By the Act of March 4, 1907, Congress confirmed this construction, but provided that on or before the 1st of January of each year the Secretary of the Treasury shall make a public statement of the securities acceptable during that year for public deposits. In accordance with this Act of Congress the Secretary of the Treasury, on December 18, 1909, announced that when further public deposits are made with banks, the following named bonds and no others will be accepted as security for deposits.

United States, Philippine, Porto Rican and District of Columbia bonds at par; bonds of the Hawaiian Territory at 90 per cent of par; bonds of the Philippine Railway Company at 90 per cent of

their market value but not exceeding 90 per cent of par. At the same time it was announced that all banks holding deposits of public funds secured by any bonds other than those above named were required to withdraw such bonds on or before February 1, 1910, and substitute therefor bonds heretofore described. This resulted in the withdrawal from the Treasury of all state, municipal and railroad bonds held to secure public deposits. This order does not do away entirely with the practice of accepting "other securities," as it still lies within the power of the Secretary of the Treasury, under the Act of March 4, 1907, to state at the beginning of any year what class of bonds he will accept as security for public deposits. In the future, should necessity require it, there may therefore be a return to the practice of accepting the so-called "other securities"; but at the time this is written it is the intention to accept only those bonds which are named above, except possibly for District of Columbia taxes lodged with the depositary banks of Washington.

One-half of the District of Columbia's expenditures is paid by the General Government and the other half by citizens of the District. The latter

half, in the form of taxes paid by the citizens, is paid into the United States Treasury. Several million dollars paid into the Treasury in May and June of each year are thus withdrawn from business use, and withheld from such use contrary to the practice in vogue in other cities, until the money is released from the Treasury by the slow process of disbursement. To obviate this, an amount equal to the taxes paid into the Treasury during these two months is placed with the local banks. As these deposits are returnable to the Treasury in monthly instalments, the diminishing character of the deposit justifies the acceptance against them by the Department of miscellaneous securities on satisfactory margin. No rule has been laid down as to just what securities will be taken against this exceptional class of deposits.

The following is a classification of bonds now acceptable as security for public deposits:

Government.

Group I	U. S. Loan of 1925	at par.
	U. S. Loan of 1908–18	do
	U. S. Consols of 1930	do
	U. S. Panamas of 1936	do
	U. S. Panamas of 1938	do

Group II	Philippine Loans	at par
	Porto Rico Loans	do
	District of Columbia	do
	Territory of Hawaii	at 90% of par.
Group III	Miscellaneous.	
	Philippine Railway Company, at 90% of market value not exceeding 90% of par.	

When banks have occasion to withdraw bonds held by the Treasurer to secure deposits of public moneys, the following is the order of withdrawal: Group III, Group II, and Group I. Bonds within a group may be interchanged by banks if desired, but bonds in a lower group may not be substituted for those in a higher group.

The withdrawal of government funds from depositary banks can be made by the Secretary of the Treasury without any previous notice, although the withdrawal of any considerable amount is usually preceded by timely notice.

Forms XXXV and XXXVI may be used by banks desiring to withdraw bonds deposited to secure government funds.

Profits on Deposits

THE profits which can be made on government deposits depend on several elements. They are the interest charged by the Government, the average interest rate in the money market, the particular issue of bonds which is used to secure the deposit, and the price and net investment yield of those bonds.

Consider first the case in which United States Government bonds only are deposited with the Treasury Department to secure the deposit of government funds. For every $100,000 of United States deposits secured there must be deposited $100,000 par value of United States bonds, and as all issues of government securities sell at a premium it will be necessary for the bank receiving a government deposit to pay out in the purchase of bonds more than it will receive back in the form of a deposit. There must also be taken into account the fact that, while the bonds are purchased at a premium, each

year that they are held brings them nearer to the date of maturity, when they will be worth only their face value. It is therefore necessary, in accurately calculating the profits upon government deposits, to set aside from each quarterly payment of interest by the Government an amount sufficient, if placed at interest, to offset, at the maturity of the bonds, the premium which was originally paid. That deduction is called the sinking fund, and should be calculated with much care.

To arrive at the sinking fund accurately a sum must be found which, if deducted from each quarterly interest payment, and placed at interest from the various dates of deduction to the maturity of the bonds, will exactly amount at maturity to the premium paid. In the calculations which are made in this volume, in connection with typical forms showing both the profits on government deposits and on national bank note circulation, the formula used by the United States Government Actuary is followed.

A bank receiving government deposits must, as has been said, pay out for the United States bonds which it uses to secure these deposits, an amount in excess of the deposit received. On

the other hand the bank receives the interest on the bonds, which are held in trust by the Treasurer of the United States. Its gross receipts, therefore, will be equal to the interest on the bonds placed with the Treasurer, and interest on the full amount of the deposit at the current money market rate. There must then be deducted the amount necessary to set aside in the sinking fund to absorb the premium on the bonds purchased and the tax or interest on the deposit. The comparison of that net return must be made with the amount that would have been received had the total amount invested in the bonds been loaned directly at the current money market rate.

Suppose, for example, a bank purchased $100,000 United States 2 per cent consols March 1, 1910, at 101 and interest. The bank would in a year receive the interest on the bonds, amounting to $2,000, and, in a money market in which the rate averaged 6 per cent, it could loan out the deposit obtained from the Government and receive $6,000. The total receipts, therefore, would be $8,000. There must be deducted from that the amount necessary to be set aside for the sinking fund to absorb the premium on the

bonds. If there is set aside each year $26 in four equal amounts, at the dates of the quarterly interest payments, and these amounts are improved at 6 per cent until the maturity of the bonds in 1930, the total will just equal the $1,000 of premium that the bank has paid. Therefore, if we deduct $26, together with the $1,000 tax to be paid the Government, from the $8,000 of gross receipts, we obtain net receipts of $6,974, in the case of a bank receiving $100,000 of deposits.

Now if a bank had loaned $101,000 direct, it would have received $6,060 in interest. There is, therefore, a net profit, in favor of a government deposit, of $914, or .90 per cent over that which would be derived from loaning the money direct. That is to say, as against a profit of 6 per cent made by loaning $101,000 direct, the bank would have made 6.90 per cent, or an excess of .90 per cent on the money by obtaining a government deposit. A bank must, however, take the market chance of a decline in the price of government bonds.

A typical calculation as above analyzed would be as follows:

Profit on Public Deposits Secured by Government Bonds.

Date of calculation, March 1, 1910.

Issue of bonds purchased: United States Registered 2% bonds of 1930.

Price of bonds (101 and int.), $101,000.

Par value of bonds purchased, $100,000.

Money worth 6 per cent.

Income from bonds		$2,000
Income from deposit loaned at 6%		6,000
		$8,000
Deductions:		
Tax on deposits	$1,000	
Sinking Fund to retire premium on bonds at maturity, amount to be set aside each year	26	1,026
Net income from deposit		$6,974
Net income from loaning $101,000 (net cost of bonds purchased) at 6 %		6,060
Increased income from deposit over loaning cost of bonds direct		$914
Percentage of increased profit on investment		.90%

There are also given typical calculations showing the profits to be derived from $100,000 United States deposits secured by United States Registered 4's of 1925, United States Registered 3's of 1908-18 (assuming they run until their final maturity in 1918), Panama 2's of 1916-36 and Panama 2's of 1918-38, at the asked prices for each issue.

Calculations are also given showing the profits to be derived from District of Columbia 3.65's maturing August 1, 1924, and the two most active Philippine issues, namely, Philippine Land Purchase 4's of 1914-34 and Philippine Public Improvement 4's of 1919-39.

These profits vary, of course, with any fluctuation in price of bonds, with any variation in the average money market rate, and with any change in the issue of bonds purchased.

The National City Bank will at any time furnish accurate calculations based upon any conditions of market price, money market rate of interest, and issues of bonds under which a result may be desired.

A consideration that cannot be accurately weighed, but which in some cases is nevertheless of much importance in deciding whether or

not a bank should make efforts to obtain a public deposit, is the effect that such a deposit has upon the minds of the bank's clients. A bank that is enabled to print United States Government Depositary on its stationery and generally advertise the fact that the Government has confidence in it, may, in some communities, receive considerable advantage and that factor is always an element of more or less importance with banks securing deposits of government funds.

Tabular Illustration

Profit on Public Deposits Secured by Government Bonds.

Date of calculation, March 1, 1910.

Issue of bonds purchased: United States Registered 4% bonds of 1925.

Price of bonds (115 and int.), $115,000.
Par value of bonds purchased, $100,000.
Money worth 6 per cent.

Income from bonds		$4,000
Income from deposit loaned at 6%		6,000
		$10,000
Deductions:		
Tax on Deposits	$1,000	
Sinking Fund to retire premium on bonds at maturity, amount to be set aside each year	624	$1,624
Net income from deposit		$8,376
Net income from loaning $115,000 (net cost of bonds purchased) at 6%		6,900
Increased income from deposit over loaning cost of bonds direct		$1,476
Percentage of increased profit on investment		1.28%

Profit on Public Deposits Secured by Government Bonds.

Date of calculation, March 1, 1910.

Issue of bonds purchased: United States Registered 3% bonds of 1918.

Price of bonds ($102\frac{3}{4}$ and int.), $102,750.
Par value of bonds purchased, $100,000.
Money worth 6 per cent.

Income from bonds		$3,000
Income from deposit loaned at 6%		6,000
		$9,000
Deductions:		
Tax on deposits	$1,000	
Sinking Fund to retire premium on bonds at maturity, amount to be set aside each year	250	1,250
Net income from deposit		$7,750
Net income from loaning $102,750 (net cost of bonds purchased) at 6%		6,165
Increased income from deposit over loaning cost of bonds direct		$1,585
Percentage of increased profit on investment		1.54%

Profit on Public Deposits Secured by Government Bonds.

Date of calculation, March 1, 1910.

Issue of bonds purchased: United States Panama Registered 2% bonds of 1916.

Price of bonds ($100\frac{3}{4}$ and int.), $100,750.
Par value of bonds purchased, $100,000.
Money worth 6 per cent.

Income from bonds		$2,000
Income from deposit loaned at 6%		6,000
		$8,000
Deductions:		
Tax on deposits	$1,000	
Sinking Fund to retire premium on bonds at maturity, amount to be set aside each year	99	1,099
Net income from deposit		$6,901
Net income from loaning $100,750 (net cost of bonds purchased) at 6%		6,045
Increased income from deposit over loaning cost of bonds direct		$856
Percentage of increased profit on investment		.85%

Profit on Public Deposits Secured by Government Bonds.

Date of calculation, March 1, 1910.

Issue of bonds purchased: United States Panama Registered 2% bonds of 1918.

Price of bonds (100¾ and int.), $100,750.

Par value of bonds purchased, $100,000.

Money worth 6 per cent.

Income from bonds		$2,000
Income from deposit loaned at 6%		6,000
		$8,000
Deductions:		
Tax on deposits	$1,000	
Sinking Fund to retire premium on bonds at maturity, amount to be set aside each year	69	1,069
Net income from deposit		$6,931
Net income from loaning $100,750 (net cost of bonds purchased) at 6%		6,045
Increased income from deposit over loaning cost of bonds direct		$886
Percentage of increased profit on investment		.88%

Profit on Public Deposits Secured by Government Bonds.

Date of calculation, March 1, 1910.

Issue of bonds purchased: District of Columbia 3.65% bonds of 1924.		
Price of bonds (108 and int.), $108,000.		
Par value of bonds purchased, $100,000.		
Money worth 6 per cent.		
Income from bonds		$3,650
Income from deposit loaned at 6%		6,000
		$9,650
Deductions:		
Tax on deposits	$1,000	
Sinking Fund to retire premium on bonds at maturity, amount to be set aside each year	350	1,350
Net income from deposit		$8,300
Net income from loaning $108,000 (net cost of bonds purchased) at 6%		6,480
Increased income from deposit over loaning cost of bonds direct		$1,820
Percentage of increased profit on investment		1.69%

Profit on Public Deposits Secured by Government Bonds.

Date of calculation, March 1, 1910.

Issue of bonds purchased: Philippine Land Purchase Registered 4% bonds of 1914.

Price of bonds (102 and int.), $102,000.

Par value of bonds purchased, $100,000.

Money worth 6 per cent.

Income from bonds		$4,000
Income from deposit loaned at 6%		6,000
		$10,000
Deductions:		
Tax on deposits	$1,000	
Sinking Fund to retire premium on bonds at maturity, amount to be set aside each year	446	1,446
Net income from deposit		$8,554
Net income from loaning $102,000 (net cost of bonds purchased) at 6%		6,120
Increased income from deposit over loaning cost of bonds direct		$2,434
Percentage of increased profit on investment		2.38%

Profit on Public Deposits Secured by Government Bonds.

Date of calculation, March 1, 1910.

Issue of bonds purchased: Philippine Public Improvement Registered 4% bonds of 1919.

Price of bonds (102½ and int.), $102,500.

Par value of bonds purchased, $100,000.

Money worth 6 per cent.

Income from bonds		$4,000
Income from deposit loaned at 6%		6,000
		$10,000
Deductions:		
Tax on deposits	$1,000	
Sinking Fund to retire premium on bonds at maturity, amount to be set aside each year	197	1,197
Net income from deposit		$8,803
Net income from loaning $102,500 (net cost of bonds purchased) at 6%		6,150
Increased income from deposit over loaning cost of bonds direct		$2,653
Percentage of increased profit on investment		2.57%

Official Reports

THE Comptroller of the Currency requires from every national bank at least five reports a year. There are no specific dates on which such reports must be submitted, the Comptroller making calls whenever he deems it proper, and he may at any time make a call on any national bank for a special report.

A bank, after it is organized, should always have on hand a set of the blanks necessary to make a report of its condition. These blanks can be had upon application to the Comptroller. There are two forms. One is for a detailed report, which must be filled out and sent to the Comptroller, the other is a corresponding report, but without the schedules, which must be filled out and sent for publication to a newspaper in the place where the bank is established, or if there be no newspaper in the place, then in one published in the nearest town in the same county.

After the statement of a bank is published, it must be cut from the newspaper and pasted or otherwise attached to the blank and forwarded to the Comptroller. The publisher's certificate must be executed. The report that is published in the newspaper must be in the same form and in the same order of items as the one submitted to the Comptroller, including the full title and location of the bank, the affidavit of the Cashier, the notary's certificate and the attestation of at least three directors. If any items are blank in the original statement, such items may, of course, be omitted from the printed report, but the publication must never be condensed by combining two or more items.

The original report should never be delayed on account of publication. It should be forwarded at the earliest practicable moment to the Comptroller and publication should follow as soon thereafter as possible.

The transmission of a report must not be delayed for more than five days after the call, even if by reason of the absence or illness of some of the directors or officers whose signatures are required. The incomplete report should be forwarded at once and a copy retained for subse-

quent completion and transmission. The original will be returned by the Comptroller upon receipt of the complete report, in order that it may be retained by the bank.

Every report of the condition of a bank made to the Comptroller must be verified by the oath of the President or Cashier of the Association, and must be attested by the signatures of at least three of the directors. No officer administering the oath verifying the returns made by a national bank to the Comptroller of the Currency may be an officer of that bank.

Every national bank must report to the Comptroller of the Currency, within ten days after declaring a dividend, the amount of such dividend and the amount of net earnings in excess of the dividend. These reports must also be attested by the oath of the President or Cashier.

Any association that fails to make and transmit reports of the foregoing character is subject to a penalty of $100 for each day after the period mentioned that it delays to make and transmit such reports. If any association refuses to pay the penalty, after being assessed by the Comptroller of the Currency, the amount of assessment may, upon the order of the Comptroller, be re-

tained by the Treasurer of the United States out of the interest as it becomes due to the Association on the bonds deposited with him to secure circulation.

Whenever the stockholders of a bank vote to go into liquidation, the Board of Directors must cause notice of the vote to be certified to the Comptroller of the Currency, under the seal of the Association, by its President or Cashier. Publication of the vote must also be made for a period of two months in each issue of either a daily or weekly newspaper published in the city of New York and also in a similar periodical published in the city or town in which the Association is located.

The President or Cashier of every national bank must have at all times a full and correct list of the names and residences of all the shareholders of the Association and the number of shares held by each. A copy of this list, as of the first Monday of July of each year, must be forwarded to the Comptroller of the Currency, the copy being verified by the oath of the President or Cashier.

Within ten days of the first day of January and of July every national bank must, under the

oath of its President or Cashier, make a return to the Treasurer of the United States of the average amount of its notes in circulation for the six months next preceding the most recent first days of January and July. Any association that fails to make a return of its circulation is liable to a penalty of $200. A blank for this return is given in Form XXV.

Examinations

Twice each year the Comptroller will cause an examination to be made of the condition of every national bank. These examinations are made without previous notice to the bank and the results are reported to the Comptroller, who may require the correction of any conditions not meeting with his approval.

Corporation Excise Tax

A NATIONAL BANK, in common with other corporations, is required by law to pay annually to the Government an excise tax equivalent to 1 per cent of its net income over and above $5,000.

Net income is ascertained by deducting from gross income the following items: Ordinary and necessary expenses, losses, depreciation, interest paid on indebtedness and deposits, taxes incurred or paid within the calendar year; also dividends received from stocks of other corporations subject to the tax. Gross income embraces revenue derived from all sources during the calendar year and includes Government Bond interest, in accordance with a ruling of the Treasury Department.

On or before March 1st of each year, a return of net income for the preceding calendar year, (see Form XXXVII), verified by the affidavits of the President and Cashier respectively, must be

filed with the Collector of Internal Revenue of the district in which the bank is located. The Collector may, in his discretion, grant an extension of time not exceeding thirty days for filing. Failure to make proper returns renders the bank and its officers liable to heavy penalties. Returns, when filed, become public records, and are open to inspection. The tax is payable on or before June 30th.

Notice of Shareholders' Meeting

UNLESS the by-laws render it necessary, notice of an annual meeting of the shareholders of a national bank is not required, if the time and place for such meeting are stated in the Articles of Association, provided the election of directors is the only business to take place, although usually such notice is very properly given, as shareholders are not presumed to remember the date on which the annual meeting is held.

For an annual meeting at which business of an unusual character is to be transacted and for all special meetings of shareholders, notice should be given as required by the by-laws and Articles of Association of the bank. It is customary to provide in those documents for notice of such meetings. If no provision is made, however, it is held that a thirty days' notice should be given.

The notice of the meeting must accompany

any papers transmitted to the Comptroller. This notice should give the date of issue and should state clearly—

First: The place for holding the meeting.

Second: The time, specifying the hour.

Third: The business proposed to be transacted.

(See Form XXXVIII for notice of meeting.)

Extension of Corporate Existence

THE existence of a national bank may be extended for a period of twenty years from the date of the expiration of its original charter. This date may be ascertained from the date of the last acknowledgment in the Organization Certificate. If for any reason that date is uncertain or the certificate has been lost, information on this point may be obtained from the Comptroller's office. Application for such extension may be filed with the Comptroller at any time within two years prior to the expiration. The necessary blanks and instructions will be furnished a sufficient time in advance to enable banks to take advantage of this privilege. In this connection, it should be noticed, however, that this application should be filed at least two months prior to the expiration of the charter.

Application for the extension of the corporate existence of a national bank must be made to the Comptroller of the Currency by the Presi-

dent or Cashier under the conditions set forth in the foregoing paragraph. This application should be as given in Form XXXIX, which includes an amendment to the Articles of Association. It is not necessary to hold a meeting of stockholders for the purpose of securing their consent to the amendment of the Articles of Association. Such amendment, however, must bear the written signatures of the holders, or their legal representatives, of at least two-thirds of the capital stock.

If it is desired to have represented in the amendment to the Articles of Association shares of stock standing in the names of administrators, executors, trustees, or guardians, certified copies of the legal appointment of such administrators, executors, trustees, or guardians should be furnished to the bank. If stock held by an assignee is to be represented, the shares must have been formally transferred to him on the bank's books. If the amendment to the Articles of Association is signed by attorneys acting for shareholders, or by an officer of any corporation, properly executed powers of attorney or other authority should be required. These powers of attorney, however, should be retained in the files of the

bank and not forwarded to the Comptroller. (See Forms XL and XLI.)

The execution of the amendment of Articles of Association should be certified to the Comptroller of the Currency by the President or Cashier under seal of the Association. This certification should be executed in duplicate in accordance with Form XLII, one copy to be forwarded to the Comptroller and one to be retained by the bank.

When the foregoing papers have been executed in due form and forwarded to the Comptroller, the remaining step necessary is a special examination of the condition of the Association. This examination must be paid for by the bank. If the report of the examiner is favorable, the Comptroller will, at the date of the expiration of the Charter, issue a certificate of extension, as given in Form XLIII.*

It is required by law that the circulating notes issued to a bank after the date of the Certificate of Extension of corporate existence, shall be of different design from those issued under its

* The regulations of the Comptroller's office require the publication of this Certificate of Extension for thirty days in each issue of a local newspaper.

original charter. This renders necessary the engraving of new plates, which are prepared at the expense of the bank. In Form XLIV is given the order for the engraving of new plates and the printing of new circulation. This order should be filled out in a manner similar to that provided for the original order of circulation, as explained in the chapter on circulation, and should be forwarded to the Comptroller with the amendment for extension.

The new notes are retained by the office of the Comptroller of the Currency, and as the old issues are received for redemption the new issues are substituted. This practice may continue until the end of three years from the date of extension, when the law requires a deposit of lawful money for the redemption of such portion of the old circulation as may then remain outstanding. This deposit of lawful money may be made in full at any time prior to the expiration of the three-year period if it is desired to provide at any time for the redemption of the old issues, and this course is advised as soon as the bank is notified that notes of the new design are ready for delivery.

It is not necessary for a bank extending its

corporate existence to make any transfer of bonds held by the Treasurer in trust, as the extended association is in all respects the same as before extension.

There may be occasions when a shareholder does not wish to assent to the extension of the corporate existence of a national bank. In this event he may, within thirty days from the date of the Comptroller's Certificate of Approval of Extension, give notice in writing to the directors of his desire to withdraw from the Association. He will then be entitled to receive from the bank the value of the shares held by him. This value is to be ascertained by an appraisal made by a committee of three persons, one to be selected by the shareholder, one by the directors, and the third by the two persons so chosen. If the value fixed by this committee is not satisfactory to the shareholder, he may appeal to the Comptroller of the Currency. The Comptroller will then cause a reappraisal to be made. This reappraisal will be final and binding. If the reappraisal exceeds the value fixed by the committee, the expense of the reappraisal must be paid by the bank, otherwise the shareholder appealing to the Comptroller must pay the ex-

pense. The value ascertained and determined in the manner set forth must be paid to the shareholder by the bank. The shares thus surrendered must be sold at public sale after due notice within thirty days after the final appraisal.

Re-extension of Corporate Existence

THE existence of a national bank may, if desired, be re-extended for a further period of twenty years from the date of expiration of the original extension of charter. If it is desired to do this, an amendment of the Articles of Association should be executed and certified to the Comptroller.

The amendment of Articles of Association and the certificate to the Comptroller are similar to Form XXXIX, with the exception that following the words, "approved July 12, 1882," should appear the phrase, "and the amendment approved April 12, 1902."

In accordance with the last paragraph of the certificate to the Comptroller, it is assumed that when shareholders representing the requisite number of shares of stock have consented in writing to the extension of the charter, the Board of Directors will adopt a resolution, in a form to be determined by them, to be incorporated

in the minute book of the bank. It should be noted in this connection that the resolution of the directors and the recording of the amendment must be of the same date as or later date than that of the signature of the last shareholder signing the paper.

Such other forms and proceedings as are necessary in connection with the re-extension of corporate existence are similar to those used for the original extension, with the exception of the Certificate Re-extending Charter, which is given in Form XLV.*

A bank re-extending its corporate existence is subject to the same regulations with regard to the change of design of its circulating notes as is a bank extending its corporate existence for the first time. An explanation of these regulations will be found under the chapter on Extension of Corporate Existence on page 115.

* The regulations of the Comptroller's office require the publication for thirty days in each issue of a local newspaper of this certificate of re-extension.

Expiration of Corporate Existence

UNLESS the corporate existence of a national bank is extended, as provided by the Act of July 12, 1882, or the Act of April 12, 1902, the charter will expire by limitation at the expiration of the twenty years dating from the execution of the organization certificate or first extension, as the case may be. The affairs of a bank whose corporate existence has expired by limitation must be settled in the same manner as in the case of voluntary liquidation by resolution of shareholders.* The President or Cashier of the bank is required to execute and forward to the Comptroller of the Currency a Certificate to that effect similar to Form XLVI, and Notice of Expiration, with advice to all note holders and other creditors of the association, to present the notes and other claims against the association for payment. This notice must be given by publication in each issue of a local and New York City newspaper for a period of two

* The association continues as a body corporate for the sole purpose of suing and being sued until its affairs are settled.

months, evidence of such publication to be submitted to the Comptroller as in the case of voluntary liquidation. The wording of the Notice of Expiration is given in Form XLVI, following the Certificate of Expiration of Corporate Existence.

Changes in Capital Stock

A NATIONAL banking association may at any time increase its capital stock, but before taking any steps to this end it should first advise the Comptroller and secure his approval of the proposed action. The Comptroller will then furnish the necessary blanks and instructions for procedure. A meeting of shareholders must then be called. A notice for this purpose is given in Form XXXVIII.

If the approval of the holders of two-thirds of the stock is given to the proposed increase, the President or Cashier of the Bank must certify to the Comptroller the adoption of a Resolution to Increase the Capital Stock, as given in Form XLVII.

The whole amount of the contemplated increase must be paid in cash, and no increase is valid until this entire amount is paid and the Comptroller has issued his certificate of approval, naming the sum which is to constitute the capi-

tal of the bank in the future. If the increase of capital renders the deposit of additional bonds necessary (see table on page 3), this action must be taken before the issuance of the Comptroller's certificate. Formal notice of the payment of the increase in capital must also be certified to the Comptroller by the President or Cashier, in accordance with Form XLVIII.

If it is the desire of the shareholders to use a portion of the money in the surplus fund or at the credit of undivided profits for the purpose of increasing the capital stock of the bank, the Board of Directors may in the regular course declare a dividend. The money thus provided may then be used for the purpose. Only such portion of the surplus fund as exceeds the amount required by law to be set aside may be applied to the increase in capital in the manner indicated. The requirements of the law with regard to the surplus fund of a national bank are as follows:

Each bank must, before the declaration of a dividend, carry to its surplus fund one-tenth of its net profits for the preceding half year until the surplus fund amounts to 20 per cent of the capital stock of the bank.

If a national bank desires to reduce its capi-

tal stock, it should follow practically the same procedure as that required for an increase. That is to say, it should notify the Comptroller of its intention, and upon receiving his approval together with the necessary blanks and instructions, call a meeting of the shareholders (as provided in Form XXXVIII) to vote upon the proposition. At this meeting the shareholders may, by a vote of those holding two-thirds of the stock, reduce the capital to any sum not below the minimum amount required by the National Bank Act. (See table on page 3.)

The President or Cashier of the bank must then certify to the Comptroller the adoption of a Resolution to Reduce Capital Stock, as given in Form XLIX.

If the circulating notes of a bank proposing to reduce its capital are in excess of the sum determined upon as the new capital of the bank, this circulation must, by a deposit of lawful money with the Treasurer of the United States, be reduced to an amount not in excess of the proposed future capital. A bank retiring circulation in connection with a reduction of its capital stock is not subject to the provision limiting the retirement of circulation by the deposit of

lawful money to $9,000,000 in any one month.

When the reduction is made, the shareholders should return their old certificates to the bank for cancellation. New certificates based on the reduced capital should then be issued. It is lawful to issue certificates for fractional shares but it is desirable to avoid this when possible.

No part of the reduction of the capital may be carried to the credit of surplus or undivided profits without the unanimous consent of the shareholders.

When the above requirements have been complied with, the Comptroller will issue a certificate approving the reduction of capital as applied for, but will be governed, as to time, by the wording of the resolution. If no date is fixed he will issue his certificate of approval upon compliance by the association with all conditions precedent.

Change of Name or Location

A NATIONAL bank may, at any time, change its name. It may also change the place where its operations are carried on to any other locality in the same State not more than thirty miles distant.

When a bank desires to make either one or both of the foregoing changes, it should first correspond with the Comptroller of the Currency. If the proposition submitted meets with his approval, a meeting of shareholders should be called. (See Form XXXVIII for notice.) At this meeting the proposed change must receive the approval of the owners of at least two-thirds of the capital stock of the association.

A copy of the notice of the meeting referred to, together with a certified copy, under seal of the bank, of the resolutions showing in detail the vote by which they were adopted, must be sent to the Comptroller of the Currency. (See Form L for form of resolutions.)

The correctness of these resolutions must be certified to the Comptroller of the Currency by the President or Cashier.

In connection with any change in the name or location of a bank it is necessary for the Board of Directors to execute a resolution in accordance with Form XXII, authorizing the Comptroller of the Currency to withdraw the bonds deposited in trust for the bank, and further authorizing the Treasurer of the United States to transfer those bonds to the "Treasurer U. S. in trust for ———— to conform to change of title." The Treasurer's receipts for the bonds proposed to be withdrawn must be forwarded with this resolution to the Comptroller of the Currency.

At the same time, the bank must transmit to the Comptroller an order for new plates and circulating notes. This order should be headed Change of Title, and should be as given in Form XX. All regulations regarding a bank's original order for plates and circulation apply to this order on account of change of title and should be carefully followed. Complete information on this point is given in the chapter on National Bank Note Circulation on page 25.

If all papers in connection with the proposed

change are properly executed, the Comptroller will issue a certificate of approval. The bank may then commence business under the new name or in the new location.

Liquidation

IF IT is desired to discontinue the existence of a national bank, the directors should make application to the Comptroller of the Currency for his approval. If the bank is solvent there will be no objection on the part of the Comptroller to this step, and he will furnish the necessary blanks and instructions.

A notice in accordance with Form XXXVIII should be sent to shareholders to the effect that a meeting is to be held to vote upon the question of liquidation.

The votes of shareholders owning not less than two-thirds of the capital stock of the bank are necessary in order to liquidate an association. When a meeting has been held and a resolution similar to Form LI has been adopted by the required two-thirds vote, the Board of Directors, through the President or Cashier, should send a copy of the resolution to the Comptroller of the Currency, and must notify the creditors of the bank to present notes and other

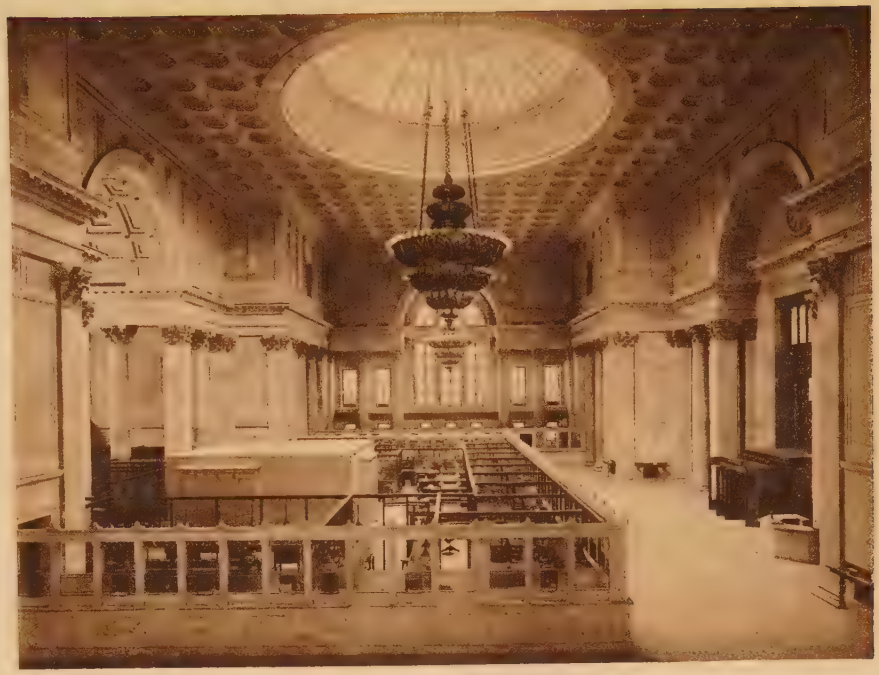
claims against the association for payment, and request the settlement of obligations to the institution. (See Form LII for notice.) The notice must appear for a period of two months in each issue of some newspaper published in the city of New York and also in a newspaper published in or near the city in which the bank is located. A certificate of each publisher that the required publication has been made, together with the notice from one issue of the newspaper, should be sent to the office of the Comptroller of the Currency. This publication certificate may be in accordance with Form LIII.

Within six months after the shareholders have voted to liquidate, a national bank must deposit with the Treasurer of the United States lawful money in an amount sufficient to redeem all of its outstanding circulation. A bank retiring circulation for the purpose of going into voluntary liquidation is, however, not subject to the provision limiting the retirement of circulation to $9,000,000 in any one month. The Treasurer of the United States will issue duplicate receipts for the money deposited with him; one of these receipts will be sent to the liquidating bank and the other to the Comptroller

of the Currency. The receipts will state the amount received by the Treasurer and the purpose for which it is deposited with him. The money is paid into the Treasury of the United States to the credit of the association depositing it, and is held in the redemption account.

Whenever a deposit of lawful money is made in an amount sufficient to redeem the outstanding circulation of a liquidating association, the bonds held by the Treasurer as security for the payment of such circulation will be reassigned to the bank. The association and its shareholders will then be discharged from all liabilities connected with its circulating notes, and such notes will be redeemed at the Treasury of the United States and charged to the redemption account.

If any liquidating bank fails to make the necessary deposit of lawful money for thirty days after the expiration of six months, the Comptroller of the Currency is authorized to sell at public auction in the city of New York the bonds pledged as security for the circulation of the bank. If the proceeds of such sale exceed the amount necessary to be provided for the redemption and cancellation of the circulation of the



Main Banking Room of The National City Bank of New York

bank and the necessary expenses of the sale of its bonds, any surplus remaining will be paid by the Comptroller to the bank or its legal representatives. The shareholders, into whose hands the affairs of a liquidating bank pass, are generally regarded as the legal representatives of the association.

A national bank which is in good faith liquidating for the purpose of consolidating with another association is not required to deposit lawful money for the redemption of its outstanding circulation; but it has been found more advantageous to the banks concerned to close the old circulation account by depositing lawful money, withdrawing the bonds, and having them redeposited with the Treasurer as security for a like amount of circulation of the absorbing bank. This procedure is advised by the Comptroller. The assets and liabilities of the liquidating bank are, however, to be reported to the Comptroller of the Currency by the association with which it is consolidating.

Restrictions

NO national bank may be organized with a capital less than $25,000.

No national bank may be organized with a capital less than $50,000 in a town with a population of over 3,000.

No national bank may be organized with a capital less than $100,000 in a town with a population of over 6,000.

No national bank may be organized with a capital less than $200,000 in a town with a population of over 50,000.

No shares of a national bank may be issued of a face value other than $100, except in the case of a converted state bank, the shares of which had a face value of more or less than $100.

No national bank may commence business until 50 per cent of its capital has been paid in. The remainder must be paid in monthly instalments of at least 10 per cent of the whole amount of the capital.

No less than five natural persons may organize a national bank.

No national bank may transact business, except that which is incidental to its organization, until it has been authorized by the Comptroller to do so.

No national bank may have less than five directors.

No person may be a director of a national bank unless he is a citizen of the United States.

No less than three-fourths of the directors of a national bank must have resided in the State, territory, or district in which the bank is located for at least one year immediately preceding their election, and must continue as residents of the State during their term of office.

No director of a national bank may own less than ten shares of its capital stock unless the capital of the bank shall not exceed $25,000, in which case he must own at least five shares, and such stock, while he is serving in the capacity of a director, may not be hypothecated or pledged for a loan or for a debt.

No officer or employee of a bank may act as proxy for one of the stockholders, and directors

are held by the Comptroller to be officers within the meaning of this prohibition.

No shareholder in a national bank whose subscription to the capital stock is past due and unpaid shall be allowed to vote at any of the meetings of the shareholders until such payment has been made.

No executors, administrators, guardians and trustees are personally liable as stockholders of a national bank, but the estates which they represent are equally liable with other stockholders.

No shareholder in a national bank is liable for another shareholder, but each shareholder, in addition to the amount invested in the bank's shares, is equally liable for all debts, contracts, and engagements of the bank to the amount of the stock he holds therein at its par value. This is known as the "double liability" clause of the National Bank Act.

No increase in the capital of a national bank is valid until it has all been paid in and the Comptroller's Certificate of Approval obtained.

No reduction may be made in the capital of a national bank below the amount of its outstanding circulation secured by United States bonds, unless lawful money is deposited with the Treas-

urer of the United States for the redemption of the excess, and no reduction may be made until the amount has been reported to the Comptroller and has been sanctioned by him.

No more than $9,000,000 in lawful money may be deposited by national banks in one month with the Treasurer of the United States for the redemption of their circulation. This restriction does not apply to banks upon going into voluntary liquidation, nor to banks reducing their capital to an amount less than their outstanding circulation.

No national bank shall issue post notes or other notes to circulate as money, except such as are authorized by the National Bank Act.

No national bank shall be a member of a clearing house that does not accept United States Gold and Silver certificates in the settlements of clearing-house balances.

No step toward the conversion of a state bank into a national bank may be taken without the approval of the owners of two-thirds of the capital stock.

No converted institution may have a less capital than that prescribed for national banks in the National Bank Act.

No national bank that changes its name and its location is thereby released from any of its old liabilities, nor does such change affect any action or proceeding in which such an association may have been interested or taken part.

No tax, other than that due and payable prior to the deposit, shall be levied on the circulation of a national bank which has deposited with the Treasurer of the United States legal tender for the redemption of such circulation.

No bank that is deficient in its reserve requirements shall increase its liabilities by making any new loans or discounts otherwise than by discounting or purchasing bills of exchange payable at sight, nor shall it declare any dividend out of its profits.

No national bank in a Central Reserve City may deposit any portion of its required reserve with another bank. It must keep all reserve in its own vault.

No national bank in a Reserve City may deposit any of its required reserve with other banks in Reserve Cities, but may deposit one-half in banks in a Central Reserve City.

No national bank in an Undesignated Community may hold the reserve of any other national

bank. Such banks must keep at least two-fifths of their required reserve of 15 per cent in lawful money in their own vaults. The remainder may be deposited with a national bank in a Reserve City or with a bank in a Central Reserve City.

No organization of a national bank is complete until its bonds have been deposited with the Treasurer of the United States. The amount required is one-fourth of the bank's capital, unless such capital is more than $150,000. In that event $50,000 is the amount of the required deposit.

No bank may take out more than one-third of its circulating notes in $5 denominations.

No national bank's circulation may exceed the amount of the bank's paid-in capital, except as provided by the Act of May 30, 1908.

No notes presented by a bank for redemption may be in sums of less than $1,000.

No deduction is made by the Treasury Department from the 5 per cent fund on account of notes of a national bank that have been lost, stolen, or put in circulation without the proper signatures of the officers.

No national bank may refuse to receive at their par value the notes of any other national banks.

No national bank shall pay out the notes of any national bank that is not redeeming its circulation in lawful money of the United States.

No National Currency Association may be organized without the approval of the Secretary of the Treasury.

No additional circulation may be issued unless the Secretary of the Treasury recognizes a demand for such circulation.

No National Bank may be a member of a National Currency Association which has not been approved by the Secretary of the Treasury.

No more than one National Currency Association may be formed in any city.

No National Bank may issue additional circulation individually, except with the approval of the Secretary of the Treasury.

No National Bank whose surplus is not equal to 20 per cent of its capital may, either individually or as a member of a National Currency Association, issue additional circulation.

No National Bank, individually or as a member of a National Currency Association, may issue additional circulation unless its outstanding circulation secured by United States bonds is equal to 40 per cent of its capital.

No additional circulation may be issued in excess of 75 per cent of the cash value of general securities or commercial paper deposited with a National Currency Association.

No National Bank, member of a National Currency Association, may issue additional circulation secured by the deposit of commercial paper to the extent of more than 30 per cent of its capital and surplus.

No additional circulation may be issued in excess of 90 per cent of the market value of state, city, county, town or municipal bonds deposited with a National Currency Association. Such bonds, moreover, must conform to the requirements of the Act of May 30, 1908.

No less than 10 per cent of the amount of outstanding additional circulation shall be maintained with the Treasurer as a redemption fund.

No more than $500,000,000 additional circulation may be outstanding at any one time in the entire United States.

No bank shall make less than five reports during each year, according to the form which may be prescribed by the Comptroller of the Currency.

No reports of condition or of earnings and dividends shall be made by a national bank to the Comptroller of the Currency without being sworn to before a Notary Public or some other officer having an official seal with proper authority to administer oaths.

No officers of a national bank making such a report may administer an oath thereto.

No corporate existence of a bank may be extended without the consent in writing of shareholders owning not less than two-thirds of the capital stock of such an association.

No association that has defaulted in the payment of its circulating notes shall pay out such notes, discount any notes or bills, or otherwise continue the business of banking, except to receive and safely keep money belonging to it and to deliver special deposits.

No officer, clerk, or agent of a national bank shall certify a check drawn upon the association unless the person or company drawing the check has at the time on deposit with the association an amount of money equal to the amount specified in the check.

No national bank may purchase or hold any real estate, outside of the property on which it

is doing business, except in cases where it is necessary to take real estate in payment for a bad debt. When a bank is compelled to do this, it must dispose of such real estate within five years thereafter.

No rate of interest shall be charged by a national bank that is in excess of the interest rate allowed by the regulations of the state in which it is doing business. If a state government discriminates in its regulations regarding interest in favor of individuals as against state and savings banks, a national bank may be classed as an individual and charge accordingly. When there is no regulation by the state government, a bank is permitted to charge a maximum rate of 7 per cent. Any evasion of the interest laws may result in a forfeiture of the entire interest on the note or obligation. If usurious rate has been paid, double the amount paid may be recovered.

No national bank is permitted to declare a dividend until it has placed one-tenth of its net profits for the preceding six months to surplus account. This rule does not hold good when the surplus amounts to 20 per cent of the paid-in capital of the bank.

No national bank is permitted to hold any of its own shares, except when it takes such shares as security for a bad debt. In such case the bank must dispose of the shares within six months.

No national bank is allowed to loan any one person or corporation more than one-tenth of its actually-paid-in and unimpaired capital and surplus combined, the aggregate not to exceed 30 per cent of the capital. The discount of bills of exchange drawn against actually existing values, and the discount of commercial or business paper actually owned by the person negotiating such paper, shall not be considered as money borrowed.

No national bank may draw money from its capital account to pay out in the form of dividends.

No national bank shall pay a dividend when its losses and bad debts equal or exceed its undivided profits.

No debt due a national bank on which interest is past due and unpaid for a period of six months, unless well secured and in process of collection, shall be considered a good debt.

New York Correspondent

THE National City Bank of New York cannot too strongly urge upon the national banks of the country the importance of exercising the greatest care in the selection of their reserve correspondents. This selection should have attention before the organization of the bank is completed.

The large institutions in the Reserve Cities are accustomed to handling all the details of organization, and are often in a position to be of much service in that connection. They may also be called upon to secure for the new bank, at the most favorable rates possible, the necessary charter bonds, which must be deposited with the Treasurer of the United States as a preliminary to the beginning of actual business.

After the organization has been completed, the new bank will have almost daily occasion, both on its own account and on that of its customers, to draw metropolitan drafts; and will,

in the regular course of its business, find it necessary to handle through its correspondent the collection of bank items received from its depositors. In addition to these daily needs, the new bank will find it desirable to establish relations where, in case of necessity, it can receive an extension of credit.

In fact, the connection with the correspondent will become of greater and greater importance as the business of the bank expands, and in the selection most careful consideration should be given to all the various relationships which will be developed. The question of first importance in the selection of a city correspondent is security, for no matter how well managed the affairs of the local bank may be, it could not escape serious inconvenience should the city institution become embarrassed from any cause.

There is another side to the question of security. The fact that the country bank is associated with a strong city institution will often be a determining factor in the confidence with which it is regarded. The city bank is bound to feel itself in a way responsible for the welfare of its correspondent and is, therefore, careful to accept the responsibility only after satisfying itself that

it may safely set the seal of approval upon the smaller bank.

In making its choice of a city correspondent, the new bank will be more nearly assured of securing the foregoing advantages if it entrusts its funds to an institution having a large capital and surplus. Those two items make for safety, and certainly the safety of the reserve balance should be the principal guiding factor in the selection of a depositary.

Aside from the safety of its balance, the standing given to it and the probability that its loan requirements will be cheerfully met in time of need, an important consideration in the country bank's association with an institution of magnitude is the amount of reciprocal business in the way of collections which can be sent by the large city institution through which many thousands of checks are cleared daily.

The bank receiving collection items from its city correspondent has oftentimes the advantage of receiving checks on its neighboring banks. The amount represented by these checks on neighboring banks is of value in offsetting the amount presented at the bank's counter for payment, or is of use in offsetting checks which

may be presented through the local clearing house. It will be seen that the bank receiving from its city correspondent the largest amount of checks on other local banks is practically protected against the unexpected withdrawal of large sums through channels other than its own, as, should such withdrawals be made, the amount of local checks sent to it by its city correspondent may be used to offset them.

The out-of-New-York checks of The National City Bank are supplemented by those of several other banks in the heart of the retail and hotel district of the city and in consequence its out-of-town collections are probably larger than those of any other New York bank. The collections of The National City Bank are always handled through associate institutions.

Any bank associated with a liberal city institution may look forward confidently to receiving the fairest possible treatment in the handling of its collections. The associated banks of New York are subject to certain rules and regulations which have been put in force by the clearing house. Those regulations provide that the New York associated banks may use their discretion with regard to charges for the collec-

tion of items on certain Eastern cities, namely, Albany, Baltimore, Bayonne, Boston, Brooklyn, Hoboken, Jersey City, Newark, Philadelphia, Providence and Troy. The National City Bank, in line with its policy to extend the most liberal treatment possible to its correspondents, handles items on these so-called discretionary points without charge.

The remainder of the United States is divided into two sections on which exchange charges of one-tenth and one-fourth of one per cent respectively are made. For the collection of items on points east of the Mississippi River and north of Tennessee, a charge of one-tenth of one per cent is made. For the collection of items on all other points (with the exception of Missouri, which is in the one-tenth class) a charge of one-fourth of one per cent is made. Items payable in Canada and the Provinces are also subject to a charge of one-fourth of one per cent.

The New York bank derives no monetary profit from transactions arising from the direct presentation of its collection items. When, however, the New York bank can send checks, drafts and notes directly to the points on which they are drawn and have them presented

promptly for payment, there will be considerable advantage derived, not only from the saving of time which will result, but also from the early verification of the genuineness of the items in question.

The National City Bank is glad to extend an offer of its services to institutions which may contemplate selecting or adding to the number of their correspondents in New York City. Organized as the City Bank in 1812 with a capital of $500,000, this institution was, in 1865, converted into a national association under its present title. Its expansion has been typical of the growth of the nation, until its business has become international in its ramifications. In order to serve its customers the more efficiently, it has increased its capitalization from time to time. The capital of The National City Bank now stands at $25,000,000, and on June 30, 1910, the date of its latest statement, its combined capital, surplus and undivided profits were $30,741,636.36 and its deposits $243,808,089.16. Total resources, $308,889,343.64.

Since December 21, 1908, The National City Bank has occupied the block facing on Wall, William, Hanover Streets and Exchange Place.

In the new building the bank has arranged ample facilities for handling the detailed requirements of its customers, among whom it numbers governments, banks, railroads, domestic and foreign corporations of international importance, wholesale importing and exporting firms, manufacturing, jobbing and retail houses, whose interests embrace every important branch of business activity.

The position of the bank throughout its history during periods of financial stress has been, from many standpoints, unique. In times of unsettled business conditions it has always been able to meet the legitimate demands of its correspondents and customers. During the highly disturbed conditions which obtained in November and December, 1907, The National City Bank rendered exceptionally valuable service to associate institutions. Its shipments of currency to correspondents and payments in cash over its counters to its customers during those two months exceeded $50,000,000. Its extensions of credit to associate banks throughout the country were at one time in this period nearly twice as great in amount as at any previous time in its history.

Its ability to treat its friends with the utmost

liberality at all times is due, in the main, to its unvarying policy of maintaining a strong reserve position. An important contributory factor is the advantage accruing from the highly diverse character of the interests of its customers. The distribution of the demands of its customers over different seasons gives its business an equilibrium which can always be maintained.

The National City Bank is in a position to handle all the details in connection with the organization of new banks. It will, if desired, instruct its Washington representative by wire to present in person to the Comptroller's office a request for approval to organize. This action will tend to expedite considerably the forwarding of the necessary papers and the prompt action of the Comptroller's office upon the bank's application.

The National City Bank has a completely equipped bond department, to which may be entrusted the purchase of the charter bonds of the new bank. These bonds will be procured for new organizations without commission at the most favorable rates permitted by the current market and, without charge, will be deposited in Washington with the proper official. Should

a bank at any time desire to substitute one issue of bonds for another, or to withdraw any portion of the bonds on deposit in excess of the amount of charter bonds, The National City Bank will attend to such substitution or withdrawal gratis.

The transaction of such business is greatly facilitated by the fact that The National City Bank has its own telegraph instruments and operators, thus insuring the utmost dispatch in executing the telegraphic requests of its correspondents.

The facilities of The National City Bank's financial library and files of information regarding investment securities are offered to investors. It has at its command one of the most extensive collections of corporate documents in existence. Its financial library contains prospectuses, annual reports, copies of mortgages, reorganization agreements, and all available published information regarding American corporation securities. Abstracts from these files of information, made by experts, will be freely furnished to banks and clients on request.

Calculations showing the relative profits on the various issues of government bonds as secur-

ity for circulation or public funds, as made by the Actuary of the United States Treasury Department, will be furnished to banks desiring them. The bond department also keeps itself fully informed regarding the attitude of the Secretary of the Treasury toward the creation of government depositaries and regarding the regulations of the Treasury Department concerning these government agents. Information of this character of interest to national banks is embodied in a monthly circular published by the bank. This circular will be sent upon request.

The National City Bank of New York maintains at Washington a Bureau especially devoted to the interests of the national banks of the country.

Every national bank in the United States has need for an agent at the Capital. The law provides that periodically this agent must examine the bonds on deposit with the Treasurer of the United States in order that comparison may be made with the books of the Treasurer and also with the books of the bank. A representative of the bank must also be present on every occasion when worn out and mutilated circulation is destroyed.

Other services which may be performed by an agent at the National Capital are telegraphic notification of the calls of the Comptroller of the Currency for reports of condition, taking charge of matters connected with the organization of banks, the proper presentation of applications concerning circulation and government deposits, and, where desired, the forwarding of new national bank note circulation by registered mail insured.

The National City Bank of New York is closely associated with the Riggs National Bank of Washington. One of the Vice-Presidents of the Riggs National Bank is Mr. M. E. Ailes, former Assistant Secretary of the Treasury. Mr. Ailes is thoroughly familiar with the requirements of the Treasury Department in its relations with national banks. Therefore, he is peculiarly fitted to have charge of the Bureau maintained at Washington by The National City Bank, and his prompt attention to matters entrusted to him may be relied upon.

The National City Bank of New York is pleased to extend, without charge to its correspondents, the facilities of this Bureau at Washington.

So far no mention has been made of the close relations which The National City Bank entertains with banking institutions of prominence abroad. It counts as its correspondents in London, Berlin, Paris, and the littoral of Europe the most prominent institutions and is thus enabled to secure for its correspondents, through its intermediaries, exceedingly prompt service in all transactions entrusted to its care.

The National City Bank has a well-equipped Foreign Exchange Department, whose transactions run into the millions daily. The scope of its operations varies from the small remittance to the financing of important bond issues. In fact, while the machinery of its organization is very intricate, it is nevertheless one that works with remarkable efficiency and promptness.

Arrangements have been completed by which correspondents are permitted to draw their drafts direct on all the foreign banks with which The National City Bank has business relations. The drafts used are furnished to correspondents without charge, but do not bear the imprint of The National City Bank. The bank issuing the draft appears as the principal and has all the prestige of direct relations with practically every

banking point in the world. It is the intention of the bank to quote its correspondents such rates as will enable them to control this business in their respective communities.

Local merchants may be desirous of importing direct, thus saving the middleman's profits, or, on the other hand, clients may have goods to dispose of abroad, but do not care to await remittance from the other side, or the terms of the sale are such that two or three months would elapse before they were placed in funds. It is one of the functions of The National City Bank to purchase approved bills of exchange with shipping documents attached, to provide commercial letters of credit for the purchase of goods abroad, also to furnish the travelling public with Circular Notes and with Circular Letters of Credit. In fact, the equipment is such that every transaction of a banking nature, no matter where located, can be attended to with the minimum of cost and without loss of time.

The services of this department are always at the disposal of the bank's friends and a cordial invitation is extended to them to make use of those services wherever and whenever opportunity offers.

The National City Bank has a most complete credit department, which is always at the disposal of its correspondents. This is of great value to an institution situated in the interior, as it is always able accurately and speedily to learn the standing of individuals and corporations.

In the extension of credit, either through loans or discounts, it is the aim of The National City Bank to afford its correspondents the most liberal treatment, both as to amount and rate. The bank is bound by no hard and fast rules regarding discount and loan rates, but aims always to give correspondents the lowest quotations permitted by the current money market.

The various departments of The National City Bank are carefully systematized, and it is thus placed in a position to handle promptly all the New York business entrusted to it. Its Board of Directors is of a most representative character, enabling it to be of service to correspondents in almost any line in which their financial interests may extend.

Correspondents are invited to furnish letters of introduction to their customers when they

visit New York on business. Such letters will secure for the bearers all the courtesies which The National City Bank is in a position to extend. To give this invitation specific force, cards of introduction will, upon request, be sent to associate banks.

In a word, The National City Bank aims to offer its correspondents facilities which they will not find duplicated by any other institution, and it welcomes correspondence looking to the establishment of reciprocal relations. The bank endeavors to add constantly to its already extensive facilities and it particularly desires to have its correspondents feel free to consult it on any point regarding the management of their institutions, the standing of those with whom they may have dealings, and other matters concerning which there may be some question.

It is the aim of The National City Bank to make itself broadly useful to institutions throughout the country, and it is hoped that those institutions will make use of its facilities to the fullest possible extent.

OFFICIAL FORMS AND DOCUMENTS USED IN CONNECTION WITH THE ORGANIZATION AND CONDUCT OF NATIONAL BANKS AND THE TRANSFER OF GOVERNMENT SECURITIES, PRESENTED IN THE ORDER IN WHICH THEY ARE FIRST MENTIONED IN THE TEXT.

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I.

DETAILED STEPS IN ORGANIZATION

APPLICATION TO ORGANIZE A NATIONAL BANK

——————————, 19__.

To the Comptroller of the Currency,

Washington, D. C.

Sir: Notice is hereby given that we, the undersigned, being natural persons, and of lawful age, intend, with others, to organize a National Banking Association, under the title of "The ——," to be located at ——, County of ——, State of ——, with capital of $——, to succeed the —— bank of ——. Population,—.

We request that the title be reserved for a period of sixty days, and organization blanks and instructions sent to —— at ——.

Signatures of Applicants.	Residences.	Business.	Financial Strength in Figures.
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

The signers of this application are known by me to be reputable citizens; the information in reference to their business and financial standing is in my opinion correct, the statement as to population authentic, and I am of the belief that the conditions

locally are such as to insure success if the bank is organized and properly managed.

_____, Judge of Court.

_____, Postmaster.

_____, Mayor.

II.

ARTICLES OF ASSOCIATION

(Executed in Duplicate)

For the purpose of organizing an association to carry on the business of banking, under the laws of the United States, the undersigned subscribers for the stock of the Association hereinafter named do enter into the following Articles of Association:

First. The title of this Association shall be "The ——."

Second. The place where its banking house or office shall be located, and its operations of discount and deposit carried on, and its general business conducted, shall be ——.

Third. The Board of Directors shall consist of —— shareholders. The first meeting of the shareholders for the election of directors shall be held at —— on the —— or at such other place and time as a majority of the undersigned shareholders may direct.

Fourth. The regular annual meetings of the shareholders for the election of directors shall be held at the banking house of this Association on the second Tuesday of January of each year; but if no election shall be held on that day, it may be held on any other day, according to the provisions of Section 5149 of the Revised Statutes of the United States, and all elections shall be held according to such regulations as may be prescribed by

the Board of Directors, not inconsistent with the provisions of the National Banking Law, and of these articles.

Fifth. The capital stock of this Association shall be ——— ——— dollars, divided into shares of one hundred dollars each; but the capital may, with the approval of the Comptroller of the Currency, be increased at any time by shareholders owning two-thirds of the stock, according to the provisions of an Act of Congress approved May 1, 1886; and in case of the increase of the capital of the Association, each shareholder shall have the privilege of subscribing for such number of shares of the proposed increase of the capital stock as he may be entitled to according to the number of shares owned by him before the stock is increased.

Sixth. The Board of Directors, a majority of whom shall be a quorum to do business, shall elect one of its members President of this Association, who shall hold his office (unless he shall be disqualified, or be sooner removed by a two-thirds vote of all the members of the Board) for the term for which he was elected a director. The directors shall have power to elect a Vice-President, who shall also be a member of the Board of Directors, and who shall be authorized, in the absence or inability of the President from any cause, to perform all acts and duties pertaining to the office of President except such as the President only is authorized by law to perform, and to elect or appoint a Cashier, and such other officers and clerks as may be required to transact the business of the Association; to fix the salaries to be paid to them, and continue them in office, or to dismiss them as, in the opinion of a majority of the Board, the interests of the Association may demand.

The directors shall have power to define the duties of the

officers and clerks of the Association, to require bonds from them, and to fix the penalty thereof; to regulate the manner in which elections of directors shall be held, and to appoint judges of the elections; to make all by-laws that it may be proper for them to make not inconsistent with law, for the general regulation of the business of the Association and the management of its affairs, and generally to do and perform all acts that it may be legal for a Board of Directors to do and perform under the Revised Statutes aforesaid.

Seventh. This Association shall continue for the period of twenty years from the date of the execution of its Organization Certificate, unless sooner placed in voluntary liquidation by the act of its shareholders, owning at least two-thirds of its stock or otherwise dissolved by authority of law.

Eighth. These Articles of Association may be changed or amended at any time by shareholders owning a majority of the stock of the Association, in any manner not inconsistent with law; and the Board of Directors, or any three shareholders, may call a meeting of the shareholders for this or any other purpose, not inconsistent with law, by publishing notice thereof for thirty days in a newspaper published in the town, city, or county where the bank is located, or by mailing to each shareholder notice in writing, thirty days before the time fixed for the meeting.

In Witness Whereof we have hereunto set our hands this —— day of ——, ——.

(To be signed by at least five natural persons, preferably the applicants.)

_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

III.

ORGANIZATION CERTIFICATE

(Executed in Duplicate)

We the undersigned, whose names are specified in article fourth of this Certificate, having associated ourselves for the purpose of organizing an association for carrying on the business of banking, under the laws of the United States, do make and execute the following Organization Certificate:

First. The title of the Association shall be "The ——."

Second. The said Association shall be located in the —— of ——, County of ——, and State of ——, where its operations of discount and deposit are to be carried on.

Third. The capital stock of this Association shall be —— dollars ($——), and shall be divided into —— shares of one hundred dollars each.

Fourth. The name and the residence of each shareholder of this Association, with the number of shares held, are as follows:

	Name.	Residence.	No. of Shares.
1	.....	.....	.....
2	.....	.....	.....
3	.....	.....	.....

(The names, etc., of *all* the shareholders must appear in this section.)

Fifth. This Certificate is made in order that we may avail ourselves of the advantages of the aforesaid laws of the United States.

In Witness Whereof, we have hereunto set our hands, this —— day of ——,——.

(To be signed and acknowledged by those who have signed the articles of association.)

_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(Acknowledgment must be made before judge of court or notary public.)

State of _____ }
} *ss:*
County of _____ }

Before the undersigned, a —— of ——, personally appeared

_____

_____

to me well known, who severally acknowledged that they executed the foregoing certificate for the purposes therein mentioned.

Witness my hand and seal of Office this
—— day of ——, ——.

Official Seal of Officer.

_____ _____

IV.

FORM OF STOCK CERTIFICATE

_____ National Bank

No.——— ———Shares.

Be It Known that —— entitled to —— Shares of One Hundred Dollars each, in the Capital Stock of the —— Bank of —— transferable only on the books of the Bank by the said —— or —— Attorney on surrender of this Certificate.

New York. ..... ——— 19—

Seal.

—— Cashier. ..... —— President.

V.

OATH OF DIRECTORS

State of_____ }
} *ss:*
County of_____ }

We, the undersigned directors of The ——— located at ——, being citizens of the United States, and all residents of the State of ——, do, each for himself, and not one for the other, solemnly swear (affirm) that we will severally, so far as the duty devolves on us, diligently and honestly administer the affairs of said Association; and that we will not knowingly violate, or willingly permit to be violated, any of the provisions of the Statutes of the United States under which said Association has been organized; and, each for himself, does solemnly swear (affirm) that he is the owner in good faith, and in his own right, of the number of shares of stock required by said Statutes, subscribed by him or standing in his name on the books of the said

Association; and that the same is not hypothecated, or in any way pledged as security for any loan or debt.

Signature	Signature
.....	.....
.....	.....

Subscribed and sworn (affirmed) to before the undersigned this ——day of —— 19—.

Official Seal of Officer.

Notary Public.

VI.

OATH OF DIRECTOR

State of——— }
ss:
County of——— }

I, the undersigned, Director of The —— located at ——, being a citizen of the United States, and resident of the State of ——, do solemnly swear (affirm) that I will, so far as the duty devolves on me, diligently and honestly administer the affairs of said Association; that I will not knowingly violate, or willingly permit to be violated, any of the provisions of the Statutes of the United States under which this Association has been organized; and that I am the owner, in good faith and in my own right, of the number of shares of stock required by said Statutes,

subscribed by me or standing in my name on the books of the said Association; and that the same is not hypothecated, or in any way pledged as security for any loan or debt.

Subscribed and Sworn (affirmed) to before the undersigned, this —— day of ——, 19—.

Official Seal of Officer.

Notary Public.

VII.

GENERAL FORM OF BY-LAWS OF NATIONAL BANKS

BY-LAWS OF THE (HERE INSERT THE TITLE OF THE BANK), ORGANIZED UNDER THE NATIONAL BANKING-LAWS OF THE UNITED STATES

ELECTIONS

SECTION 1. The regular annual meetings of the shareholders of this bank for the election of directors shall be held at its banking house on the second Tuesday of January of each year, between the hours of 10 and 4 of said day. It shall be the duty of the board of directors, within one month prior to the time of said election, to appoint three shareholders to be judges of said election, who shall hold and conduct the same, and who shall, after the election has been held, notify under their hands the cashier of this bank of the result thereof and the names of the directors-elect.

SEC. 2. The cashier, upon receiving the returns of the judges of the elections as aforesaid, shall cause the same to be recorded upon the minute book of the bank, and shall notify the directors-elect of their election, and of the time at which they are required to meet at the banking house of the bank for the purpose of organizing the new board. If at the time fixed for the meeting of the directors-elect there is not a quorum in attendance, the members present may adjourn from time to time until a quorum is secured; and no business shall be transacted prior to taking the oath of office as prescribed by law.

SEC. 3. If, for any cause, the annual election of directors is not held on the date fixed in the articles of association, the directors in office shall order an election to be held on some other day, of which special election notice shall be given in accordance with the requirements of Section 5149, United States Revised Statutes, judges appointed, returns made and recorded, and the directors-elect notified, according to the provisions of Sections one and two of these by-laws.

OFFICERS

SEC. 4. The officers of this bank shall be a president, vice-president (who shall be members of the board of directors), cashier, and such other officers as may be from time to time required for the prompt and orderly transaction of its business, to be elected or appointed by the board of directors, by whom their several duties shall be prescribed.

SEC. 5. The president shall hold his office for the current year for which the board of which he shall be a member was elected, unless he shall resign, become disqualified, or be removed; and any vacancy occurring in the office of president or in the board of directors shall be filled by the remaining members.

SEC. 6. The cashier and the subordinate officers and clerks shall be appointed to hold their offices, respectively, during the pleasure of the board of directors.

SEC. 7. The cashier of this bank shall be responsible for all the moneys, funds, and valuables of the bank, and shall give bond, with security to be approved by the board, in the penal sum of —— dollars, conditioned for the faithful and honest discharge of his duties as such cashier, and that he will faithfully apply and account for all such moneys, funds and valuables, and deliver the same to the order of the board of directors of this bank, or to the person or persons authorized to receive them.

SEC. 8. The president of this bank shall be responsible for all such sums of money and property of every kind as may be intrusted to his care or placed in his hands by the board of directors or by the cashier, or otherwise come into his hands as president, and shall give bond, with security to be approved by the board, in the penal sum of —— dollars, conditioned for the faithful discharge of his duties as such president, and that he will faithfully and honestly apply and account for all sums of money and other property of this bank that may come into his hands as such president, and pay over and deliver the same to the order of the board of directors, or to any other person or persons authorized by the board to receive the same.

SEC. 9. The teller shall be responsible for all such sums of money, property, and funds of every description as may, from time to time, be placed in his hands by the cashier, or otherwise come into his possession as teller; and shall give bond, with security to be approved by the board, in the penalty of —— dollars, conditioned for the honest and faithful discharge of his duties as teller, and that he will faithfully apply, account for, and

pay over all moneys, property, and funds of every description that may come into his hands by virtue of his office as teller, to the order of the board of directors aforesaid, or to such person or persons as may be authorized to demand and receive the same.

SEAL

SEC. 10. The following is an impression of the seal adopted by the board of directors of this bank:

Impression of Seal.

CONVEYANCE OF REAL ESTATE

SEC. 11. All transfers and conveyances of real estate shall be made by the association, under seal, in accordance with the orders of the board of directors, and shall be signed by the president or cashier.

INCREASE OF STOCK

SEC. 12. Whenever an increase of stock shall be determined upon, in accordance with law, it shall be the duty of the board to notify all the shareholders of the same, and to cause a subscription to be opened for such increase of capital. In the increase of capital each shareholder shall have the privilege of subscribing for such number of shares of the new stock as he may be entitled to subscribe for, according to his existing stock in the bank. If any shareholder fails to subscribe for the amount of stock to which he may be entitled, the board of directors may determine what disposition shall be made of the privilege of subscribing for the unsubscribed stock.

BUSINESS OF THE BANK

SEC. 13. This bank shall be opened for business from —— o'clock A.M. to —— o'clock P.M. of each day of the year, excepting Sundays and days recognized by the laws of this State as holidays. When any regular weekly meeting of the board of directors falls upon a holiday, the meeting shall be held upon such other day as the board may previously designate.

SEC. 14. The regular meetings of the board of directors shall be held on the (here insert time of meetings). Special meetings may be called by the president, cashier, or at the request of three or more directors, and should there be no quorum at any regular or special meeting, the members present may adjourn from day to day until a quorum is in attendance. In the absence of a quorum no business shall be transacted.

SEC. 15. There shall be a committee, to be known as the discount committee, consisting of the president, cashier, and directors, appointed by the board every —— months, to continue to act until succeeded, who shall have power to discount and purchase bills, notes, and other evidences of debt, and to buy and sell bills of exchange; and who shall, at each regular meeting of the board of directors, submit for approval a report of all bills, notes and other evidences of debt discounted and purchased by them for the bank since their last report.

MINUTE BOOK

SEC. 16. The organization papers of this bank, the returns of the judges of the elections, the proceedings of all regular and special meetings of the directors and of the shareholders, the by-laws and any amendments thereto, and reports of the committees of directors, shall be recorded in the minute book; and the

minutes of each meeting shall be signed by the president and attested by the cashier.

TRANSFERS OF STOCK

SEC. 17. The stock of this bank shall be assignable and transferable only on the books of this bank, subject to the restrictions and provisions of the national banking laws; and a transfer book shall be provided in which all assignments and transfers of stock shall be made.

SEC. 18. Transfers of stock shall not be suspended preparatory to the declaration of dividends; and, unless an agreement to the contrary shall be expressed in the assignments, dividends shall be paid to the shareholders in whose name the stock shall stand at the date of the declaration of dividends.

SEC. 19. Certificates of stock, signed by the president and cashier, may be issued to shareholders, and the certificate shall state upon the face thereof that the stock is transferable only upon the books of the bank; and when stock is transferred, the certificates thereof shall be returned to the bank cancelled, preserved, and new certificates issued.

EXPENSES

SEC. 20. All the current expenses of the bank shall be paid by the cashier, who shall every six months, or oftener, if required, make to the board a detailed statement thereof.

CONTRACTS

SEC. 21. All contracts, checks, drafts, etc., and all receipts for circulating notes received from the Comptroller of the Currency, shall be signed by the president or cashier.

EXAMINATIONS

SEC. 22. There shall be appointed by the board of directors a committee of —— members, whose duty it shall be to exercise

a supervision of the business of the bank, and to examine every three months the affairs of this bank, count its cash, and compare its assets and liabilities with the accounts of the general ledger, ascertain whether the accounts are correctly kept and the condition of the bank corresponds therewith, and whether the bank is in a sound and solvent condition, and to recommend to the board such changes in the manner of doing business, etc., as shall seem to be desirable, the result of which examination shall be reported in writing to the board at the next regular meeting thereafter.

SEC. 23. The board of directors shall have power to change the form of the books and accounts when deemed expedient, and define the manner in which the affairs of the bank shall be conducted.

QUORUMS

SEC. 24. A majority of all the directors is required to constitute a quorum to do business.

SEC. 25. These by-laws may be changed or amended by the vote of a majority of the directors.

VIII.

OFFICIAL SIGNATURES

Official signatures of Officers of the ——, located at ——, in the State of ——.

Original Signatures.	Date of Election or Appointment.	Names of Predecessors.
.....	.....	.....
.....	.....	.....

Seal of Bank.

IMPORTANT

The following instructions should be observed to avoid return of paper for correction: (1) Insert title and place of location of bank. (2) Give the signatures of officers, with date of election or appointment. (3) In case of a vacancy, the word "None" should appear in the space for the signature of the officer. (4) Affix seal of bank in the space designated. (5) The signatures of all of the officers with date of election or appointment of each and name of predecessor, in case of a change, are required

IX.

CERTIFICATE OF OFFICERS AND DIRECTORS RELATIVE TO PAYMENT OF CAPITAL STOCK AND COMPLIANCE WITH OTHER LEGAL REQUIREMENTS

The undersigned, officers and directors of ——, located at ——, organized under the provisions of the Revised Statutes of the United States, authorizing the organization of national banking associations, do hereby certify that of the authorized capital stock of $—— there has been paid into said bank, in cash, as permanent capital, $——, and that no part of this sum is represented by promissory notes or other evidences of debt: also that the name and place of residence of each director, and the amount of stock individually owned in good faith, are as follows:

Name or Director. *a*	Place of Residence. (Town or City and State.)	Number of Shares of Stock.
.....	.....	.....
.....	.....	.....
.....	.....	.....

a The names, etc., of *all* the directors of the association must appear on this page. A majority of the directors exclusive of the president or cashier, must sign on the following page and make acknowledgment.

It is further certified that the association has in good faith complied with all of the provisions that are required to be com-

plied with before receiving authority to commence the business of banking.

_____
_____
_____
_____ } Directors.
_____
_____
_____

_____
President, or Cashier.

State of_____ }
ss:
County of_____ }

Before the undersigned, a —— of ——, personally appeared the above-named directors and other officers of the aforesaid national bank, and made oath that the foregoing certificate and the matters and things therein set forth are true, to the best of their knowledge and belief.

Witness my hand and seal of office this —— day of ——, 19—.

Official Seal of Officer.

_____

X.

CERTIFICATE OF PAYMENT OF CAPITAL STOCK

_____, 19—

To the Comptroller of the Currency,
Washington, D. C.

Sir: It is hereby certified that the——installment, amounting to——dollars, has been paid in cash on account of the capital stock of The ——, located at ——, the certification of payments to date being as follows:

First installment (at organization),	.....	$.....
Second installment	"	$.....
Third installment	"	$.....
Fourth installment	"	$.....
Fifth installment	"	$.....
Sixth installment	"	$.....
Total	.....	$.....

_____
Cashier.

State of_____ } *ss:*
County of_____ }

Subscribed and sworn to this —— day of ——, 19—.

Official Seal of Officer.

_____
Notary Public.

XI.

TEMPORARY CERTIFICATE

No.——. ——shares.

This is to certify that —— is entitled to —— shares of the capital stock of the —— National Bank of ——, capital $——, and that upon payment of all installments, amounting to $——, and surrender of this temporary certificate, a certificate of stock will be issued.

Witness the seal and the signatures of the president and cashier of the bank.

Dated ———, 19—. The —— National Bank of ——.

By _____ _____

Cashier. President.

PAYMENTS ON ACCOUNT OF CAPITAL

First installment, —— per centd., amounting to $——, paid ——, 19—.
Second " —— " " " ——, " ——, 19—.
Third " —— " " " ——, " ——, 19—.
Fourth " —— " " " ——, " ——, 19—.
Fifth " —— " " " ——, " ——, 19—.
Sixth " —— " " " ——, " ——, 19—.

ASSIGNMENT

For value received I hereby transfer and assign to —— this temporary certificate and hereby appoint and constitute —— my true and lawful attorney to transfer said certificate, with full power of substitution in the premises.

Dated at ——, this —— day of ——, 19—.

Witness:_____

XII.

CHARTER

No.——

TREASURY DEPARTMENT

OFFICE OF COMPTROLLER OF THE CURRENCY,

Washington, —— 19—.

WHEREAS, by satisfactory evidence presented to the undersigned, it has been made to appear that The ——, located in the —— of ——, in the County of —— and State of —— has complied with all the provisions of the statutes of the United States, required to be complied with before an association shall be authorized to commence the business of banking:

NOW THEREFORE I, —— Comptroller of the Currency, do hereby certify that The ——, located in the —— of —— in the County of —— and State of —— is authorized to commence the business of banking as provided in Section fifty-one hundred and sixty-nine of the Revised Statutes of the United States.

IN TESTIMONY WHEREOF witness my hand and Seal of office this —— day of ——, 19—.

Seal.

Comptroller of the Currency.

XIII.

OATH OF PUBLICATION

State of_____)
) *ss:*
County of_____)

Cut the printed notice from the newspaper and attach here.

_____

being duly sworn, deposes and says that he is the publisher of —— a —— newspaper published in the —— of —— County of ——, State of —— and that the annexed advertisement of the Comptroller's certificate authorizing the —— to begin the business of banking has appeared in each issue of said paper for a period of at least sixty days, beginning the —— day of ——, and ending the —— day of ——, 19—.

Forward notice to Comptroller of Currency as promptly as possible.

_____

Subscribed and sworn to before me, a —— in and for the State and County aforesaid, this —— day of ——, 19—.

Seal of Officer.

_____

XIV.

STOCKHOLDERS' PROXY

KNOW ALL MEN BY THESE PRESENTS

That —— of —— do hereby constitute and appoint —— and —— of—— or either of them, —— attorneys or attorney, and agents or agent for —— and in —— name, place and stead, to vote, as —— proxy, at —— meeting of shareholders of the —— Bank of ——, to be held at its banking house, No. —— Street, in the City of ——, on the of ——, 19—, between the hours of —— and —— o'clock, and at any adjourned meeting of the said shareholders, for the —— and the transaction of such other business as may be brought before the said meeting, according to the number of votes that —— should be entitled to vote if then personally present, with full power of substitution and revocation to each of —— said attorneys, hereby ratifying and confirming all that —— said attorneys or attorney, or their or his substitutes or substitute, shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, —— have hereunto set —— hand and seal this —— day of —— 19—

Seal.

Sealed and delivered in presence of

_____

XV.

CONVERSION OF STATE BANKS

AUTHORITY FOR CONVERSION OF STATE BANK

We, the undersigned stockholders of The ——, located in the ——, county of ——, State of ——, having a capital of —— dollars, do hereby authorize and empower the directors thereof to change and convert said bank into a national banking association under the provisions of Section 5154 of the Revised Statutes of the United States, or of acts amendatory thereof; and we do also authorize the said directors, or a majority thereof, to make and execute the articles of association and organization certificates required to be made or contemplated by said Statutes; and also to make and execute all other papers and certificates, and to do all acts necessary to convert the said bank into a national banking association, and to do and perform all such acts as may be necessary to transfer the assets of every description and character of the said state bank to the national banking association into which it is to be converted, so that the said conversion may be absolute and complete; and we do hereby assume, and authorize the said directors to assume, as the name of the national banking association into which the said state bank is to be converted, "The ——;" and we do hereby appoint ——, who are now the directors of the said state bank, to be the directors of the said national bank, to hold their offices as such directors until the regular annual election of directors is held, pursuant to the provisions of said Revised Statutes, and until their successors are chosen and qualified; and we do hereby authorize the said directors of the said national bank to continue

in office the officers of the said state bank, or to appoint or elect others.

IN WITNESS WHEREOF, we have hereunto set our hands and written against our names the number of shares owned by us, respectively, this —— day of —— A. D. ——.

Signatures of Stockholders. *a*	No. of shares owned by each.
.....	.....
.....	.....
.....	.....

a The signatures of the owners of at least two-thirds of the stock.

XVI.

APPLICATION TO CONVERT A STATE BANK INTO A NATIONAL BANKING ASSOCIATION

——————————, 19—.

TO THE COMPTROLLER OF THE CURRENCY,

Washington.

SIR: Notice is hereby given that we, the undersigned, being a majority of the board of directors of "The ——," having a paid in and unimpaired capital of $——, intend to convert the said bank into a National Banking Association, in accordance with the provisions of Section 5154 of the Revised Statutes of the United States, under the title, "The ——," to be located at ——, county of ——, State of ——, with capital of $——, Population ——.

We request that the title be reserved for a period of sixty days and the necessary conversion papers and instructions sent to —— at ——, hereby agreeing that any assets of the state bank which cannot be legally held by a national bank will be disposed of before certificate authorizing conversion and the commencement of business as a national banking association is issued.

Signatures of directors.	Residences.
.....	.....
.....	.....
.....	.....

XVII.
ARTICLES OF ASSOCIATION
(Executed in duplicate).

We, the undersigned, directors of the ——, having been authorized by the owners of two-thirds of the capital stock of said bank to change and convert the said bank into a national banking association, under the provisions of section 5154 of the Revised Statutes of the United States, or of acts amendatory thereof, and to execute articles of association, do hereby, in our own behalf, and in behalf of the Stockholders whom we represent, make and execute the following Articles of Association:

First. The title of the association into which the said state bank is to be changed and converted shall be "The ——."

The remaining articles may be the same as the Articles of Association given in Form II.

XVIII.

ORGANIZATION CERTIFICATE

We, the undersigned, directors of The ——, having been duly authorized by the owners of two-thirds of its capital stock to change and convert said bank into a national banking association, and to make the necessary organization certificate, under the provisions of Section 5154 of the Revised Statutes of the United States, or of acts amendatory thereof, do sign and execute the following organization certificate, which we hereby declare we are authorized to make by the owners of two-thirds of the capital stock of the said state bank.

First. The title of this association shall be "The ——,"

Second. The said association shall be located and continued in the —— of ——, county of —— and State of ——, where its operations of discount and deposit are to be carried on.

Third. The capital stock of this association shall be —— dollars ($——), divided into —— shares of —— dollars each, as it is now divided in the said state bank.

Fourth. The name and residence of each of the stockholders of the said state bank, which is to become a national bank under the provisions of the Revised Statutes aforesaid, and the number of shares of —— dollars each, held by each stockholder, are as follows:

Name.	Residence.	No. of shares.
.....	.....	.....
.....	.....	.....
.....	.....	.....

Fifth. This certificate is made in order that the said state bank and the stockholders thereof, may avail themselves of the advantages of the aforesaid Revised Statutes, and that the said state bank may be changed and converted into a national banking association, under the foregoing title.

In Witness Whereof, we have hereunto set our hands this —— day of ——, ——.

_____ _____

_____ _____

_____ _____

_____ _____

_____ _____

(The signatures of a majority of directors required.)

State of _____)
} *ss:*
County of _____)

Before the undersigned, a —— of ——, personally appeared

_____

_____

directors of the aforesaid state bank, to me well known, who severally acknowledged that they executed the foregoing certificate for the purposes therein mentioned.

Witness my hand and seal of office this —— day of ——, ——.

Official Seal of Officer.

_____

_____

XIX.

CERTIFICATE RELATIVE TO PAYMENT OF CAPITAL STOCK OF STATE BANK CONVERTING INTO NATIONAL BANK

It is hereby certified, that the —— Bank of ——, ——, which is to be converted into "The —— National —— Bank of ——," in conformity with the provisions of section 5154 of the Revised Statutes of the United States, authorizing the conversion of "any bank incorporated by special law or any banking institution organized under a general law of any State," has a paid in and unimpaired capital of $——.

_____, President.
or
_____, Cashier.

State of_____ }
County of_____ } *ss:*

Subscribed and sworn to before the undersigned, a —— of the said county, this —— day of ——, 19—.

Official seal of officer.

_____
(Official Title)_____

OFFICIAL SIGNATURES OF OFFICERS OF THE ——, LOCATED AT —— IN THE STATE OF ——.

Original signatures	Date of election or appointment	Names of predecessors
.....	.....	.....

Seal of Bank.

XX.

ORIGINAL ORDER FOR PLATES AND CIRCULATION

Charter No. ——.

_____ NATIONAL _____ BANK OF _____

_____ 19—

TO THE COMPTROLLER OF THE CURRENCY.

SIR: You are requested to have plates engraved for this bank, the cost to be paid upon demand, and circulating notes printed therefrom as follows:

Cost of plates.	No. of sheets ordered.	Denominations on sheets.	Value per sheet.	Amount of Circulation
$75		$5, $5, $5, $5.....	$20	$
75		$10, $10, $10, $20.....	50	
75		$10, $10, $10, $10.....	40	
50		$50, $100.....	150	
		Total.....	.....	

Respectfully,

_____

Cashier.

XXI.

SUPPLEMENTARY ORDER

_____,

Charter No. ——. ———19—.

To the Comptroller of the Currency.

Sir: You are requested to have printed under the national bank act for this bank circulating notes in blank to the amount of (see foot note) —— dollars, and of the following denominations, viz:

No. of sheets.	Plates.	Amount.
	Sheets, $5, $5, $5, $5.....($20 per sheet)	$
	Sheets, $10, $10, $10, $20....($50 per sheet)	
	Sheets, $10, $10, $10, $10....($40 per sheet)	
	Sheets, $50, $100.....($150 per sheet)	
	Total.....	

Respectfully,

_____

Cashier.

XXII.

AUTHORITY TO WITHDRAW BONDS

"A"

———,

———, 19—.

At a meeting of the Board of Directors of the —— Bank of ——, held at their banking house ——, 19—, the following resolution was adopted:

"RESOLVED, That the Comptroller of the Currency be, and he is hereby, authorized to withdraw $——, U. S. bonds, deposited with the Treasurer of the United States by this bank to secure circulation, and described as follows:

$—— of the loan of ——
$——" " " " ——
$——" " " " ——
$——" " " " ——

and that —— be, and is hereby, authorized to sell, assign, and transfer the same, and to appoint one or more attorneys for that purpose.

I hereby certify that the above is a true extract from the minutes of said meeting.

Cashier, and Secretary of the Board of Directors.

Seal of Bank.

NOTE.—The Treasurer's receipts for the bond proposed to be withdrawn must be forwarded (with the form properly filled) to the Comptroller of the Currency.

XXIII.

"D."

———,

———, 19—.

At a meeting of the Board of Directors of the —— Bank of ——, held at their banking house, ——, 19—, the following resolution was adopted:

RESOLVED, That the Comptroller of the Currency be, and he is hereby, authorized to withdraw $——, U. S. bonds, deposited with the Treasurer of the United States by this bank to secure circulation, and described as follows:

$—— of the loan of ——
$——" " " " ——
$——" " " " ——
$——" " " " ——

and that the Comptroller of the Currency be, and is hereby, authorized to deliver the same to the Treasurer of the United States in trust, as security for public deposits with this bank.

I hereby certify that the above is a true extract from the minutes of said meeting.

———————————

Cashier and Secretary of the Board of Directors.

Seal of Bank.

NOTE.—The Treasurer's receipts for the bonds proposed to be withdrawn must be forwarded (with this form properly filled) to the Comptroller of the Currency.

XXIV.

Charter No._____

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, That the Riggs National Bank of the City of Washington, District of Columbia, is hereby appointed the true and lawful agent of the_____

_____

National Bank of _____

to receive from the Comptroller of the Currency for and in behalf of said bank any incomplete national bank currency which may hereafter be due and issuable to it under Sections 5171 or 5184, Revised Statutes of the United States, or under Section 6, Act of July 12, 1882, and this bank will be responsible for the redemption of currency so delivered to said agent, the same as if delivered directly to the bank.

In witness whereof, I have hereunto set my hand and affixed the corporate seal of said bank, this_____ day of_____, 19____

_____

President or Cashier.

[Seal]

XXV.

SEMI-ANNUAL RETURN OF CIRCULATION SUBJECT TO DUTY

To be forwarded to the Treasurer of the United States, Washington, D.C.

RETURN of the average amount of notes of the —— National —— Bank of ——, State of ——, in circulation for the six months ending the 30th day of June, 1910, with the duty thereon made pursuant to the provisions of Section 5215, Revised Statutes of the United States, and the Act of March 14, 1900, in order to enable the Treasurer of the United States to assess the duty on circulation imposed by Section 5214 of said statutes, as amended by Section 1 of "An Act to reduce internal-revenue taxation, and for other purposes," approved March 3, 1883, and the said Act of March 14, 1900.

Average amount of notes in circulation for the period based on U. S. bonds of the Panama Canal Loan, and U. S. two per cent Consols of 1930. . . . . .$——

Duty on average amount of notes in circulation based on U. S. bonds of the Panama Canal Loan, and U. S. two per cent Consols of 1930, at one-fourth of one per cent. . . . . .$——

Average amount of notes in circulation for the period based on any or all other U. S. bonds. . . .$——

Duty on average amount of notes in circulation based on all other U. S. bonds at one-half of one per cent. . . . . .$——

Total amount of duty. . . . . .$——

I, ——, of the above-named National Bank, do solemnly swear that the above is a true statement of the average amount of notes of said bank in circulation for the time named.

Subscribed and sworn to before me this —— day of ——, 19—.

Seal of Bank.

Bank No.——

2-1030

[See instructions on back]

XXVI.

STATEMENT OF BONDS OF NATIONAL BANKS HELD AS SECURITY FOR CIRCULATION AND PUBLIC MONEY

Organization No. ——

The following statement of the bonds held by the Treasurer of the United States in trust for —— National —— Bank of ——, on the —— day of ——, 19—, as shown by the books of the said Association, is furnished for use in the examination and comparison of said bonds required to be made annually by Section 5166 of the Revised Statutes of the United States:

KINDS OF BONDS	Bonds held to secure circulating notes		Bonds held to secure public money	
2 per cent Consols of 1930	$		$	
2 per cent Panama Canal Loan				
3 per cent Loan of 1908–1918				
4 per cent Loan of 1925				
Philippine Loans				
Territory of Porto Rico				
Territory of Hawaii				
Total				

Correct as to bonds held to secure circulating notes.

For Comptroller of the Currency.

Cashier.

2-5860

XXVII.

BANK RESERVES

FORMS FOR CALCULATING RESERVE

☞Bank Directors should bear in mind that Section 5191, U. S. Revised Statutes, forbids a Bank to increase its liabilities by new loans or discounts, or to declare any dividend when its Reserve is below the legal requirement.

CALCULATION OF THE LAWFUL MONEY RESERVE OF NATIONAL BANKS LOCATED IN RESERVE CITIES AND CENTRAL RESERVE CITIES.

No. of Bank _____ Report of the state of lawful money reserve of the _____

Located at _____, State of _____, at _____ o'clock ____ m.,

_____, 190

N. B.—If this accompanies a Report of Condition it should be signed by _____, *Cashier.*

If it accompanies a Report of Examination it should be signed by _____, *Examiner.*

ITEMS ON WHICH RESERVE IS TO BE COMPUTED.

LIABILITIES.

Should the aggregate "Due from" exceed the aggregate "Due to" Banks, both items must be omitted from the calculation.

Due to National Banks											
Due to State Banks and Bankers											
Due to Trust Companies, etc											
*Net balance due to approved Reserve Agents											
Due from other National Banks											
Due from State Banks and Bankers											
Due from Trust Companies, etc											
Dividends unpaid											
Individual Deposits											
Deposits of U. S. Disbursing Officers											
Gross amount											

DEDUCTIONS ALLOWED.

Checks on other Banks in the same place											
Exchanges for Clearing House											
Bills of other National Banks											
Due from U. S. Treasurer											
Twenty-five per cent of this total amount ☞ is the entire Reserve required, which is											
Deduct 5 per cent Redemption Fund with Treasurer U. S.											
Net Reserve to be held											

ITEMS COMPOSING THE NET RESERVE AND THE DISTRIBUTION OF THE SAME.

One-half of the Net Reserve is											
Items making up the same may consist of *Balances with following approved Reserve Agents, viz:											
Excess with Reserve Agents											
Deficiency with Reserve Agents											

One-half of the Net Reserve is											
Items in Bank's possession to make up the same, viz:											
Fractional Silver											
Silver Dollars											
Silver Treasury Cert's											
Gold Coin											
Gold Treasury Cert's											
Legal-Tender Notes											
Gold Certificates payable to order											
U. S. Cert's for Coin and Legal-Tenders											
Excess in items held by the Bank											
Deficiency in items held by the Bank											

RECAPITULATION.

Excess in the entire Reserve held, $_____ Deficiency in the entire Reserve held, $_____

*If reciprocal accounts are kept with reserve agents, only the net amount due from such agents is available for reserve.

N. B.—Banks in New York City, Chicago, and St. Louis, and in cities becoming Central Reserve Cities under the act of March 3, 1887, must keep the whole net Reserve required, when ascertained as above, in their own possession.

XXVIII.

☞ Bank Directors should bear in mind that Section 5191, U. S. Revised Statutes, forbids a Bank to increase its liabilities by new loans or discounts, or to declare any dividend when its Reserve is below the legal requirement.

CALCULATION OF THE LAWFUL MONEY RESERVE OF NATIONAL BANKS LOCATED ELSEWHERE THAN IN RESERVE CITIES AND CENTRAL RESERVE CITIES.

No. of Bank _____ Report of the state of lawful money reserve of the _____

Located at _____, State of _____, at _____ o'clock ____ m.,

_____, 190

N. B.—*If this accompanies a Report of Condition it should be signed by* _____, *Cashier.*

If it accompanies a Report of Examination it should be signed by _____, *Examiner.*

ITEMS ON WHICH RESERVE IS TO BE COMPUTED.

LIABILITIES.

Due to National Banks											
Due to State Banks and Bankers											
Due to Trust Companies, etc											
*Net balance due to approved Reserve Agents											
LESS—											
Due from other National Banks											
Due from State Banks and Bankers											
Due from Trust Companies, etc											
Dividends unpaid											
Individual Deposits											
Deposits of U. S. Disbursing Officers											
Gross amount											

Should the aggregate "Due from" exceed the aggregate "Due to" Banks, both items must be omitted from the calculation.

DEDUCTIONS ALLOWED.

Checks on other Banks in the same place											
Exchanges for Clearing House											
Bills of other National Banks											
Due from U. S. Treasurer											
Fifteen per cent of this amount ☞											
is the entire Reserve required, which is											
Deduct 5 per cent Redemption Fund with Treasurer U.S.											
Net Reserve to be held											

ITEMS COMPOSING THE NET RESERVE AND THE DISTRIBUTION OF THE SAME.

Three-fifths of the Net Reserve is											
Items making up the same may consist of * Balances with following approved Reserve Agents, viz:											
Excess with Reserve Agents											
Deficiency with Reserve Agents											

Two-fifths of the Net Reserve is											
Items in Bank which may lawfully make up the same, viz:											
Fractional Silver											
Silver Dollars											
Silver Treasury Cert's											
Gold Coin											
Gold Treasury Cert's											
Legal-Tender Notes											
Gold Certificates payable to order											
U. S. Cert's for Coin and Legal-Tenders											
Excess in the two-fifths Reserve held											
Deficiency in the two-fifths Reserve held											

RECAPITULATION.

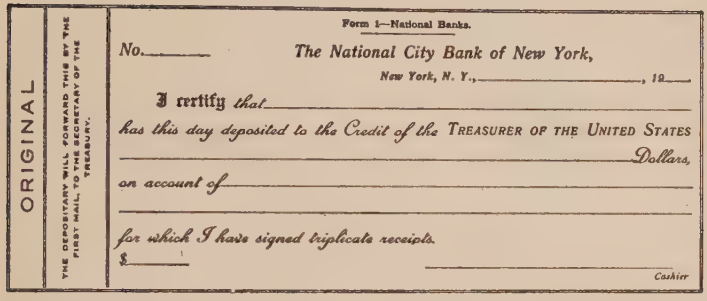
Excess in the entire Reserve held, $_____ Deficiency in the entire Reserve held, $_____

* *If reciprocal accounts are kept with reserve agents, only the net amount due from such agents is available for reserve.*

XXIX.

GOVERNMENT DEPOSITS

CERTIFICATE OF DEPOSIT



ORIGINAL

THE DEPOSITARY WILL FORWARD THIS BY THE FIRST MAIL, TO THE SECRETARY OF THE TREASURY.

Form 1—National Banks.

No._____ *The National City Bank of New York,*

New York, N. Y., _____, 19__

I certify *that* _____

has this day deposited to the Credit of the TREASURER OF THE UNITED STATES

_____ *Dollars,*

on account of _____

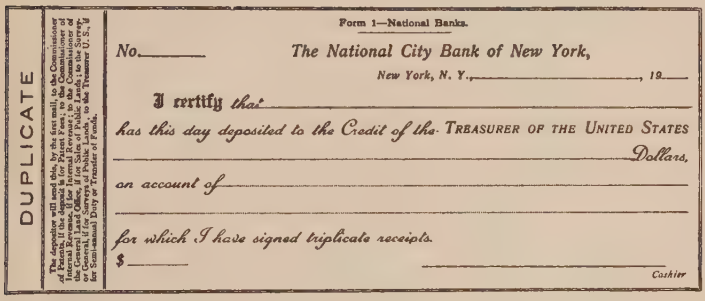
_____

for which I have signed triplicate receipts.

$_____

_____

Cashier



DUPLICATE

The depositor will send this, by the first mail, to the Commissioner of Pensions, if the deposit is for Pilots Fees; to the Commissioner of Immigration, if for Head Money; to the Commissioner of Navigation, if for Seamen's Fund; to the Commissioner of the General Land Office, if for Sales of Public Lands; to the Surveyor General, if for Surveys of Public Lands; to the Treasurer U. S., if for Semi-annual Duty or Transfer of Funds.

Form 1—National Banks.

No._____ *The National City Bank of New York,*

New York, N. Y., _____, 19__

I certify *that* _____

has this day deposited to the Credit of the TREASURER OF THE UNITED STATES

_____ *Dollars,*

on account of _____

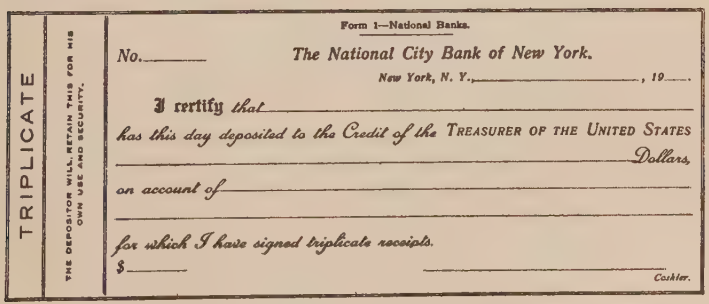
_____

for which I have signed triplicate receipts.

$_____

_____

Cashier



TRIPLICATE

THE DEPOSITOR WILL RETAIN THIS FOR HIS OWN USE AND SECURITY.

Form 1—National Banks.

No._____ *The National City Bank of New York.*

New York, N. Y., _____, 19__

I certify *that* _____

has this day deposited to the Credit of the TREASURER OF THE UNITED STATES

_____ *Dollars,*

on account of _____

_____

for which I have signed triplicate receipts.

$_____

_____

Cashier.

XXX.

TRANSCRIPT OF ACCOUNT

FORM 4—NATIONAL BANKS.

Credit Receipts and Transfers in separate groups of entries, and extend the totals of each group separately, to the total column. Transfers include Money-Order Funds and Collection of Drafts.

TRANSCRIPT No...... *FOR PERIOD ENDED*..... *191*

Dr. *The Treasurer of the United States in account with the*..... *National*..... *Bank,*..... *State of*..... **Cr.**

191	WARRANT No.	CHARACTER OF WARRANT.	TO WHOM PAID, ETC. (State always to whom transfers are paid.)	AMOUNTS.	*191*—	CERTIFICATE OF DEPOSIT No.	DEPOSITORS' NAMES AND OFFICIAL TITLES.	ON ACCOUNT OF— (Give full information as contained in the certificate. If one certificate covers two or more classes of deposits, state each class separately.)	AMOUNTS.	TOTALS.
								BY BAL. FROM TRANSCRIPT No.		$

XXX.—*Continued*

The credit side of this Transcript is made up from two sources, which must be stated in such manner as to be clearly distinguishable, viz.:

RECEIPTS

REVENUES.—Deposits by Public Officers engaged in the receipt or collection of public moneys (except duties on imports), and by individuals on account of miscellaneous sources.

REPAYMENTS.—Moneys deposited by United States Disbursing Officers to the credit of Treasurer U. S., on account of appropriations, including Sales to Officers, etc., as provided in Section 3618, Revised Statutes of the United States, and Deposits made by Clerks of Courts and U. S. Marshals, of moneys recovered from defaulting Disbursing Officers (other than Postmasters) not including Fines, Penalties, Interest, and Costs from such Disbursing Officers.

TRANSFERS

Moneys charged to the account of the Treasurer U. S., in one office or National Bank Depositary, to be placed to his credit in some other office or National Bank Depositary, moneys deposited by Postmasters, under special instructions, on account of Surplus Money-Order Funds or Postal Revenues; Transfer Drafts drawn by the Postmaster General; moneys deposited for Silver Coin, and Checks or Drafts Remitted for Collection. Credit receipts and transfers in separate groups of entries, and extend the total of each group, separately, to the total column. (Transfers include Money-Order Funds and Collection.)

XXX.—*Continued*

The debit side should show Warrants paid and Transfers made by the bank:

1. Charge no warrants until the indorsements are technically and legally perfect.

2. Every indorsement must be the genuine written (not printed, nor with lead pencil) signature of the person whose indorsement is required. If the name of the payee is incorrectly written on the face of the warrant, it should be returned to the Treasurer U. S. for correction, or be indorsed as drawn, and also with the payee's correct name. In case of an agent or attorney, a power of attorney, in accordance with Section 3477, Revised Statutes, should accompany the warrant.

3. Payees and indorsees must indorse by their own hands; officials, officially with their full title; firms, the usual firm signature by a member of the firm, not by a clerk or other person for the firm.

4. Powers of attorney for indorsement of warrants, in payment of claims, must be dated subsequently to the warrants, must be witnessed by two persons, and be properly certified. (See Section 3477, Revised Statutes.)

5. Indorsements by executors or administrators must be accompanied by certified copies, under seal, of letters testamentary or letters of administration, as the case may be.

6. Indorsements by mark (X) must be witnessed by two persons who can write, giving their places of residence.

7. Evidence of authority to indorse for incorporated or unincorporated companies must accompany warrants drawn or indorsed to the order of such companies or associations. Such evidence should be in the form of an extract from the by-laws or records of the company or association, showing the authority of the officer to indorse, receive, and receipt for moneys for the company, and giving his name and the date of his election or appointment, which extract must be verified by a certificate under seal signed by the president and secretary, or one of these officers, and not less than two of the directors; which certificate must state that such authority remains unrevoked and unchanged. If the company have no seal, the extract should be certified as correct by a notary public or other competent officer under his seal. When a resolution is adopted at a special meeting of the directors, it must be shown that all had notice of the time and place of such meeting, and that a quorum assented to the resolution.

8. The indorsement of all the joint holders or co-trustees, executors, administrators, guardians, or other fiduciaries, will be required on warrants, and in the execution of a power to a third party to collect, all must join. In case of the death of either, the survivors will be recognized as having full authority, upon due proof of such death and survivorship.

Make no charges other than warrants and transfers (including remittances of currency for redemption and credit), without special authority from the Secretary's or Treasurer's Office.

XXXI.

LIST OF BALANCES

(These lists must be rendered to the Secretary of the Treasury and Treasurer of the United States on Saturday of each week, and an additional set on the last day of each month, except when the month ends on Saturday.)

List of Balances standing to the Official Credit of Disbursing and other officers of the United States on the books of the —— at the close of business on the —— day of ——, 19—.

Rank.	Name.	Executive Department under which the officer is serving, as "Treasury," "War," Interior," etc.	Capacity in which the Officer is acting and disbursing money.	Amount on Deposit to the Officer's Official Credit.	
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

XXXII.

LIST OF DEPOSITS

To_____

_____

Washington, D. C.

(A separate list should be rendered for the deposits of each officer for each account.)

List of Deposits made with the —— National Bank at ——, State of ——, to the credit of the Treasurer of the United States, for receipts on account of ——, for the period ended ——, 19—.

Date.	No. of C. D.	Depositor.	Amount.	Total.
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....

_____

_____

XXXIII.

LIST OF DEPOSITS

To be made out and forwarded at close of business each day.

May report by postal card if preferred.

_____National_____Bank,

_____, 19____.

Aggregate deposits to credit of Treasurer U. S. received this day . . . . . $_____

Aggregate balance to credit of Disbursing Officers this day . . . . . $_____

PAYMENTS THIS DAY

Transfer of Deposits . . . . . $_____

Treasury Warrants . . . . . $_____

Counter Entries . . . . . $_____

_____

Cashier.

To Treasurer U. S.,
Washington, D. C.

XXXIV.

DATES FOR RENDERING TRANSCRIPTS

Treasury Department

OFFICE OF THE

TREASURER OF THE UNITED STATES

Washington, November 1, 1909.

The following is a list of the dates on which transcripts of accounts current should be rendered to the Secretary of the Treasury and the Treasurer of the United States during the year 1910:

January	8	15	22	31
February	5	12	19	28
March	5	12	19	31
April	9	16	23	30
May	7	14	21	31
June	4	11	18	30
July	9	16	23	30
August	6	13	20	31
September	10	17	24	30
October	8	15	22	31
November	5	12	19	30
December	10	17	24	31

XXXV.

RESOLUTION FOR WITHDRAWAL OF BONDS HELD TO SECURE PUBLIC MONEYS

———,
———, 19—.

At a meeting of the Board of Directors of the —— Bank of ——, held at their banking house, ——, 19—, the following resolution was adopted:

RESOLVED, That the Treasurer of the United States be, and he is hereby, authorized to withdraw $——, U. S. bonds, held for account of this bank as security for public moneys, and described as follows:

$—— of the loan of ——
$——" " " " ——
$——" " " " ——
$——" " " " ——

and that —— be, and is hereby, authorized to sell, assign, and transfer the same, and to appoint one or more attorneys for that purpose.

I hereby certify that the above is a true extract from the minutes of said meeting.

———————————
Cashier, and Secretary of the Board of Directors.

Seal of Bank

NOTE.—The name of an officer of the Treasury Department must not be inserted in the line left blank. The bank's agent or other person may be designated.

The Treasurer's receipt for the bonds proposed to be withdrawn must be forwarded (with this form properly filled) to the Treasurer of the United States.

XXXVI.

RESOLUTION FOR WITHDRAWAL OF BONDS HELD TO SECURE PUBLIC MONEYS

———,
———, 19—.

At a meeting of the Board of Directors of the —— Bank of ——, held at their banking house, ——, 19—, the following resolution was adopted:

RESOLVED, That the Treasurer of the United States be, and he is hereby, authorized to withdraw $——, U. S. bonds, held for account of this bank as security for public moneys, and described as follows:

$—— of the loan of ——
$——" " " " ——
$——" " " " ——
$——" " " " ——

and that the Treasurer of the United States be, and is hereby, authorized to deliver the above-described bonds to the Comptroller of the Currency to be redeposited with the Treasurer of the United States as security for the circulating notes of the bank.

I hereby certify that the above is a true extract from the minutes of said meeting.

———————————
Cashier, and Secretary of the Board of Directors.

Seal of Bank.

NOTE.—The Treasurer's receipts for the bonds proposed to be withdrawn must be forwarded (with this form properly filled) to the Treasurer of the United States.

XXXVII.

TO BE FILLED IN BY COLLECTORS.

List No.....
Class.....
.....District of.....

TO BE FILLED IN BY INTERNAL REVENUE BUREAU.

Assessment List.....19..
Page.....Line.....
Date received.....19..

UNITED STATES INTERNAL REVENUE RETURN OF ANNUAL NET INCOME

(Section 38, Act of Congress approved August 5, 1909.)

BANKS AND OTHER FINANCIAL INSTITUTIONS

RETURN OF NET INCOME received during the Year ending December 31, 19....by....., a corporation, the principal place of business of which is located at..... in the State of.....

1. Total amount of paid-up stock outstanding at close of year..... $.....

2. Total amount of bonded or other indebtedness outstanding at close of year..... $.....

3. Gross Income (see Note A)..... $.....

DEDUCTIONS

4. Total amount of all the ordinary and necessary expenses of maintenance and operation of the business and properties of the corporation (see Note B).. $.....

5. (*a*) Total amount of losses sustained January 1 to December 31..... $.....

(*b*) Total amount of depreciation January 1 to December 31. $.....
Total (see Note B).....$.....

6. (*a*) Total amount of interest January 1 to December 31 on bonded or other indebtedness to an amount not to exceed amount of paid-up capital at close of year (see Note B)..... $.....

(*b*) Total amount of interest paid within the year on deposits. $.....

Total (see Note B)..... $.....

7. (*a*) Total taxes paid January 1 to December 31 imposed under authority of the United States of any State or Territory thereof..... $.....

(*b*) Foreign taxes paid..... $.....

Total (see Note B)..... $.....

8. Amount received by way of dividends upon stock of other corporations, joint-stock companies, associations, and insurance companies subject to this tax..... $.....

Total deductions..... $.....

9. Net Income..... $.....

10. Specific deduction from net income allowed by law. $5,000

11. Amount on which tax at one per centum is to be calculated for assessment..... $.....

State of.....
County of..... } To wit:

.....President, and.....Cashier of.. the.....corporation, whose return of annual net income is set forth above, being severally duly sworn, each for himself, deposes and says that the foregoing report and the several items therein set forth are, to his best knowledge and belief and from such information as he has been able to obtain, true and

correct in each and every particular; that the amount of gross income therein set forth is the full amount of the gross income, without any deduction whatsoever, received from all sources by the said corporation during the year stated, and that the net income therein set forth is the full amount on which tax is proper to be assessed.

Sworn and subscribed to before me this.....day of....19.

_____

President.

_____

Cashier.

_____[Seal]

NOTE A.—Gross income shall consist of the total amount of gross revenue derived from the operation and management of its business and properties, together with all amounts of income, including dividends on stock of other corporations, joint-stock companies, and associations subject to this tax, derived from all sources as shown by the entries on its books from January 1 to December 31 of the year for which return is made.

NOTE B.—The deductions authorized shall include all expense items under the various heads acknowledged as liabilities by the corporation making the return and entered as such on its books from January 1 to December 31.

NOTE C.—This form, properly filled out and executed, must be in the hands of the Collector of Internal Revenue for the district in which is located the principal office of the corporation making the return, on or before March 1.

XXXVIII.

NOTICE OF SHAREHOLDERS' MEETING

FORM OF NOTICE

THE _____ NATIONAL BANK OF _____

(Date.) ——

Dear Sir: —— Meeting of the Shareholders of this Bank, for the —— and the transaction of such other business as may be brought before it, will be held at its Banking House, No. —— Street, on —— at ——.

If unable to be personally present at the meeting, please sign and return in the enclosed envelope the attached, proxy duly witnessed.

Yours respectfully,

_____

President.

(See Form XIV for proxy.)

XXXIX.

AMENDMENT OF ARTICLES OF ASSOCIATION OF NATIONAL BANK

In accordance with and in pursuance of the provisions of "An Act to enable national banking associations to extend their corporate existence, and for other purposes," approved July 12, 1882, we, the undersigned shareholders of "The ——," located at —— in the county of —— and State of ——, owning the number of shares of the capital stock of said association set opposite our respective names, aggregating not less than two-thirds of the stock of said association, do hereby consent and agree that the —— article of the articles of association of said national banking association be, and is hereby, amended to read as follows:

"This Association shall continue until close of business on ——, 19—, unless sooner placed in voluntary liquidation by the act of its shareholders owning at least two-thirds of its stock, or otherwise dissolved by authority of law."

In Witness Whereof, we, the undersigned, have hereto set our hands.

Date of signing.	Signature of shareholder.	Address.	Signature of proxy.	No. of shares.
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....

CERTIFICATE

To the Comptroller of the Currency.

Washington, D. C.

Sir: In pursuance of the provisions of "An act to enable national banking associations to extend their corporate existence, and for other purposes," approved July 12, 1882, I hereby certify that shareholders owning not less than two-thirds of the capital stock of "The ——," have consented in writing to the extension of the charter of said association; that the signatures to the attached amendment of the articles of association, executed in duplicate, are the true and correct signatures of said shareholders, or of their lawfully appointed attorneys, and that one of the instruments, in all respects like the other, is on file in the bank.

The foregoing certificate is made under seal of the association in accordance with a resolution of the board of directors adopted at a meeting held on the —— day of ——, 19—, in which the president or cashier was also authorized to make an application for the approval of the amended articles of association, a copy of which resolution has been recorded on the minute book of the bank.

_____

President or Cashier

Seal of Bank

(The foregoing certificate should not be made prior to date on which the amendment is last signed.)

REQUEST FOR APPROVAL

The Comptroller of the Currency is hereby requested to approve the foregoing amendment of the articles of association of said bank, extending its corporate existence for twenty years, pursuant to the act of Congress entitled, "An act to enable national banking associations to extend their corporate existence, and for other purposes," approved July 12, 1882.

_____

President or Cashier.

XL.

PROXY FOR USE IN EXTENDING CORPORATE EXISTENCE OF A NATIONAL BANK

Know all men by these presents, that I, ——, of ——, hereby constitute and appoint irrevocably —— my true and lawful attorney, for me and in my name and stead to sign all necessary papers in connection with the extension of the corporate existence of the ——, under the act of Congress approved July 12, 1882, or any amendment of said act, and I hereby consent that the —— article of the articles of association of the ——, be so amended as to read as follows:

"This association shall continue until close of business on ——, unless sooner placed in voluntary liquidation by the act of its shareholders owning at least two-thirds of its stock, or otherwise dissolved by authority of law."

I further grant unto my said attorney full power and authority to act in and concerning the premises as fully and effectually as I might do if personally present.

In Witness Whereof, I have hereunto set my hand this —— day of ——, in the year one thousand nine hundred and ——.

_____

Signed in the presence of two witnesses:

_____

_____

XLI.

AUTHORITY OF REPRESENTATIVE OF OTHER CORPORATION CONSENTING TO EXTENSION OF CORPORATE EXISTENCE OF NATIONAL BANK

_____

_____, ____.

At a meeting of the —— of the —— of ——, held on the —— day of ———, ——, it was voted, that —— be, and he is hereby, appointed irrevocably as its attorney, with power of substitution, to consent to and sign, in its behalf, the amendment of the —— article of the articles of association of The —— National —— Bank ——, said amendment reading as follows:

"This association shall continue until close of business on —— unless sooner placed in voluntary liquidation by the act of its shareholders owning at least two-thirds of its stock, or otherwise dissolved by authority of law."

A true copy from the records.

Attest:

_____[AFFIX SEAL.]

XLII.

CERTIFICATE OF AMENDMENT

_____NATIONAL_____BANK_____

_____, 19—.

To the Comptroller of the Currency,

Washington, D. C.

Sir: I do hereby certify, in pursuance of the provisions of "An Act to enable National Banking Associations to extend their corporate existence, and for other purposes," approved July 12, 1882, that the amendment of the Articles of Association, to which this certificate is attached, of "The ——," and the consent thereto, in writing, was executed in duplicate by shareholders owning not less than two-thirds of the stock of said bank; and I do further certify that the signatures of the shareholders to said consent and amendment of the Articles of Association are the true and correct signatures of said shareholders or of their lawfully-appointed attorneys; and that one of the instruments so executed is the foregoing, and that the other, in all respects like the foregoing, is on file in said bank.

I further certify that the said amendment to the Articles of Association of "The ——," was duly recorded upon the minute-book of said Association on the —— day of ——, 19—, and that the above certificate was certified under the seal of the Association in accordance with a resolution of its Board of Directors, duly adopted at a meeting of said directors on the —— day of ——, 19—.

Seal of Bank

_____

President or Cashier.

XLIII.

EXTENSION OF CHARTER

No.——

TREASURY DEPARTMENT

OFFICE OF COMPTROLLER OF THE CURRENCY.

*Washington,*_____, 19—

WHEREAS, by satisfactory evidence presented to the undersigned it has been made to appear that The —— in the —— of —— in the County of —— and State of —— has complied with all the provisions of the "Act of Congress to enable National Banking Associations to extend their corporate existence and for other purposes," approved July 12th, 1882.

NOW, THEREFORE, I, —— Comptroller of the Currency, do hereby certify that The —— located in the —— of —— in the County of —— and State of —— is authorized to have succession for the period specified in its amended Articles of Association, namely, until close of business on ——.

IN TESTIMONY WHEREOF, witness my hand and Seal of office this —— day of —— 19—.

_____

Comptroller of the Currency.

(Charter No. ——
Extension No. ——)

XLIV.

EXTENSION OF CHARTER

ORDER FOR PLATES AND CIRCULATION

Charter No. ——.

_____ NATIONAL _____ BANK OF _____

_____ 19—

TO THE COMPTROLLER OF THE CURRENCY.

SIR: As the corporate existence of this bank is to be legally extended for twenty years, you are requested to have new plates engraved, the cost to be paid upon demand, and circulating notes printed therefrom as follows:

Cost of Plates.	No. of Sheets Ordered.	Denominations on Sheets.	Value Per Sheet.	Amount of Circulation.
$75		$5, $5, $5, $5.....	$20	$
75		$10, $10, $10, $20.....	50	
75		$10, $10, $10, $10.....	40	
50		$50, $100.....	150	
		Total.....	.....	$

Respectfully,

_____

Cashier.

XLV.

RE-EXTENSION OF CORPORATE EXISTENCE

RE-EXTENSION OF CHARTER

TREASURY DEPARTMENT

OFFICE OF COMPTROLLER OF THE CURRENCY.

Washington, D. C., _____, 19—.

WHEREAS, by satisfactory evidence presented to the undersigned, it has been made to appear that The ——, located in the —— of —— in the County of —— and State of —— has complied with all the provisions of the Act of Congress "to enable National Banking Associations to extend their corporate existence, and for other purposes," approved July 12, 1882, as amended by the Act, approved April 12, 1902;

NOW, THEREFORE, I, —— Comptroller of the Currency, do hereby certify that The ——, located in the —— of —— in the County of —— and State of —— is authorized to have succession for the period specified in its amended Articles of Association, namely, until close of business on ——.

IN TESTIMONY WHEREOF, witness my hand and Seal of office this —— day of —— 19—.

_____

Comptroller of the Currency.

Charter No. ——. Extension No. ——.

XLVI.

CERTIFICATE OF EXPIRATION OF CORPORATE EXISTENCE

_____NATIONAL_____BANK _____

_____, _____, _____,

To the Comptroller of the Currency,

Washington.

Sir: It is hereby certified that the corporate existence of——, located at ——, in the State of ——, having expired at close of business on the——day of ——, ——, the bank is now closing its affairs under the provisions of Section 7 of the Act of July 12, 1882.

In Testimony Whereof, I have, by instruction of the Board of Directors of said Association, hereto subscribed my name and affixed the seal of said Association at ——, aforesaid, the day and year above written.

Seal of Bank.

_____

President or Cashier.

NOTICE

The —— National —— Bank ——, located at ——, in the State of ——, is closing up its affairs its corporate existence having expired at close of business on the —— day of ——, ——. All note holders and others, creditors of said Association, are therefore hereby notified to present the notes and other claims against the Association for payment.

_____

Dated ———, ———. President or Cashier.

Note.—The foregoing notice to be published for a period of two months in a newspaper in the City of New York, and also in a newspaper published in the place in which the bank is located. (See Section 5221 Revised Statutes.) Certificates of the publishers that the required publication has been made, together with a slip containing notice from one issue of each paper, should be sent to the Comptroller of the Currency.

XLVII.

CHANGES IN CAPITAL STOCK

RESOLUTION TO INCREASE CAPITAL STOCK

No. ——

(Date.) ———.

At a meeting of the shareholders of The —— National —— Bank of ——, held on ——, thirty days' notice of the proposed business having been given, it was

Resolved, That, under the provisions of the Act of May 1, 1886, the capital stock of this Association be increased in the sum of $ ———, making the total capital $——.

The foregoing resolution was adopted by the following vote, representing more than two-thirds of the capital stock of the Association, no director, other officer or employe having acted as proxy:

Name of Shareholder.	Residence.	Name of Proxy	No. of Shares
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
Total number of shares voted in favor of the resolution.			
Total number of shares voted against the resolution....			
Total number of shares represented at the meeting.....			
Total number of shares of capital stock.....			

I hereby certify that this is a true and correct report of the vote and of the resolution adopted at a meeting of the shareholders of this bank held on the date mentioned.

Seal of Bank.

_____
President or Cashier.

Subscribed and sworn to before me this —— day of ——, A.D. ——.

Seal of Notary.

_____
Notary Public.

XLVIII.

CERTIFICATE OF INCREASE OF CAPITAL STOCK

No. ——.

——— NATIONAL ——— BANK OF ———

———, ——, ——.

TO THE COMPTROLLER OF THE CURRENCY,

Washington, D. C.

It is hereby certified that the capital stock of —— National —— Bank of —— has been increased, pursuant to the provisions of the Act of Congress approved May 1, 1886, in the sum of —— dollars, all of which has been paid in cash, not in promissory notes or other like evidence of debt, and that the paid-up capital stock of the bank now amounts to —— dollars.

Seal of Bank.

_____
President or Cashier.

State of _____ }
} *ss:*
County of _____ }

Subscribed and sworn to before me, this —— day of ——, A.D. —— 19

Seal of Notary.

_____
Notary Public.

XLIX.

RESOLUTION TO REDUCE CAPITAL STOCK

No. ——

THE ——— NATIONAL ——— BANK OF ———

(Date.) ——, ——.

At a meeting of the shareholders of The —— National —— Bank of ——, held on ——, thirty days' notice of the proposed business having been given, at which shareholders were present representing —— shares of stock of this association, it was

Resolved, That, under the provisions of Section 5143, U. S. Revised Statutes, and of the law amendatory thereof, the capital stock of this Association be reduced in the sum of $ ——, leaving the total capital after said reduction $——.

The foregoing resolution was adopted by the following vote, representing more than two-thirds of the capital stock of the Association, no director, other officer or employe having acted as proxy:

Name of Shareholder.	Residence.	Name of Proxy.	No. of Shares.
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
Total number of shares voted in favor of the resolution.			
Total number of shares voted against the resolution....			
Total number of shares represented at the meeting.....			
Total number of shares of capital stock.....			

I hereby certify that the foregoing is a true and correct report of the vote and of the resolution adopted at a meeting of the shareholders of this bank, held on ———

Seal of Bank.

_____

President or Cashier.

Subscribed and sworn to before me this —— day of —— A.D. ——.

Official Seal of Officer.

_____

Notary Public.

L.

CHANGE OF NAME, ETC.

CERTIFICATE RELATIVE TO CHANGE OF TITLE OF AN ASSOCIATION

BANK NO. ——.

(Date)_____

At a meeting of the shareholders of the —— National —— Bank of —— held on ——, thirty days' notice of the proposed business having been given, it was

RESOLVED, That, under the provisions of the Act of May 1, 1886, the corporate name of —— is hereby changed to ——.

The above resolution was adopted by the following vote, representing more than two-thirds of the capital stock of the Association, no director, other officer or employe having acted as proxy:

Name of Shareholder.	Residence.	Name of Proxy.	No. of Shares.
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

AGAINST RESOLUTION

Name of Shareholder.	Residence.	Name of Proxy.	No. of Shares.
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
Total number of shares voted in favor of the resolution.			
Total number of shares voted against the resolution....			
Total number of shares represented at the meeting			
Total number of shares of capital stock of bank.....			

I hereby certify that the foregoing is a true and correct report of the vote and of the resolution adopted at a meeting of the shareholders of this bank held on the date mentioned.

Seal of Bank.

President or Cashier.

LI.

LIQUIDATION

RESOLUTION FOR VOLUNTARY LIQUIDATION

No. ——.

At a meeting of the shareholders of The —— National —— Bank of —— located at —— held on —— thirty days' notice of the proposed business having been given, it was

RESOLVED, That,_____be placed in voluntary liquidation, under the provisions of Sections 5220 and 5221, United States Revised Statutes, to take effect ——.

The foregoing resolution was adopted by the following vote representing at least two-thirds of the capital stock of the Association, no director, other officer or employe having acted as proxy:

Name of Shareholder.	Residence.	Name of Proxy.	No. of Shares.
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
Total number of shares voted in favor of the resolution.			
Total number of shares voted against the resolution....			
Total number of shares represented at the meeting.....			
Total number of shares not represented at the meeting..			
Total number of shares of capital stock.....			

I hereby certify under authority of the Board of Directors that the foregoing is a true and correct report of the vote and of

the resolution adopted at a meeting of the shareholders of this bank held on ——.

Seal of Bank.

_____

President or Cashier.

Subscribed and sworn to before me this —— day of ——, A.D. ——.

Seal of Notary

_____

Notary Public.

LII.

NOTICE

The —— National —— Bank ——, located at ——, in the State of ——, is closing its affairs. All note holders and other creditors of the Association are therefore hereby notified to present the notes and other claims for payment.

_____

President or Cashier.

Dated —— 19—.

LIII.

OATH OF PUBLICATION

State of_____)
) *ss:*
County of_____)

Cut the printed notice from the newspaper and attach here.

_____

being duly sworn, deposes and says that he is the publisher of —— a —— newspaper published in the —— of ——, County of ——, State of ——, and that the annexed advertisement of the notice of voluntary liquidation of the —— National Bank of —— has appeared in each issue of said paper for a period of at least sixty days, beginning the —— day of —— and ending the —— day of ——, 19—.

Forward notice to Comptroller of Currency as promptly as possible.

_____

Subscribed and sworn to before me, a —— in and for the State and County aforesaid, this —— day of —— 19—.

_____

Seal of Officer.

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Rogers & Company
Chicago and New York

Date Due

6967	Jul 5		
6548	Apr 29		
7093	Nov 4		
MAR 3 '54			
MAY 17 '57			
DEC 16 '80			

HG2547
N33

National city bank of New York

National banks of the United States